

RECEIVED:

2006 JUL 11 A 9: 40

AZ CORP COMMISSION DOCUMENT CONTROL

Transcript Exhibit(s)

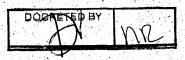
Docket #(s):	SW-20422A-05-0650

Exhibit #: A-1-A-U, S-1, S-2, S-3

Arizona Corporation Commission

DOCKETED

JUL 1 1 2006



FILE COPY

## MEMORAND URECEIVED



TO:

Docket Control

FROM:

Ernest G. Johnson

Director

Utilities Division

AZ CORP COMMISSION BOCUMENT CONTROL

2006 MAY 26 P 1: 53

RECEIVED

MAY 26 2006

DATE:

May 26, 2006

LEGAL DIV.

ARIZ. CORPORATION COMMISSION

RE:

STAFF REPORT FOR HASSAYAMPA UTILITY COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY FOR SEWER

SERVICES. DOCKET NO. SW-20422A-05-0659

Attached is the Staff Report for the above referenced application. Staff recommends approval of the application subject to several conditions.

EGJ:LAJ:red

Originator: Linda Jaress

Attachment: Original and Thirteen Copies

Service List for: Hassayampa Utility Company Docket No. SW-20422A-05-0659

Mr. Michael W. Patten Roshka Dewulf & Patten, PLC One Arizona Center 400 East Van Buren Street, Suite 800 Phoenix, Arizona 85004

Mr. Christopher C. Kempley Chief, Legal Division Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

Mr. Ernest G. Johnson Director, Utilities Division Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

Ms. Lyn Farmer Chief, Hearing Division Arizona Corporation Commission 1200 West Washington Street Phoenix, Arizona 85007

#### STAFF REPORT UTILITIES DIVISION ARIZONA CORPORATION COMMISSION

HASSAYAMPA UTILITY COMPANY

DOCKET NO. SW-20422A-05-0659

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE SEWER SERVICE IN MARICOPA COUNTY, ARIZONA

May 26, 2006

#### STAFF ACKOWLEDGEMENT

The Staff Report for Hassayampa Utility Company (Docket No. W-20422A-05-0659) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report, Dorothy Hains prepared the Engineering Report and Jaime Moe prepared the Financial and Regulatory Analysis Report.

Contributing Staff:

Linda A. Jaress

**Executive Consultant II** 

Dorothy Hains

Utilities Engineer

Public Utilities Analyst V

# EXECUTIVE SUMMARY HASSAYAMPA UTILITY COMPANY DOCKET NO. SW-20422A-05-0659

On September 19, 2005, Hassayampa Utility Company ("Hassayampa" or "the Company") filed an application for approval of a Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in an area called the Hassayampa Ranch Development, located west of the Town of Buckeye and three miles north of Interstate 10 in an unincorporated area of Maricopa County. The proposed area includes approximately 2,050 acres.

Staff recommends approval with the following conditions:

Staff recommends that the Company file with Docket Control as a compliance item in this docket copies of the Certificates of Approval to Construct ("ATC") from Maricopa County Environmental Services Department ("MCESD") for the proposed Phase I treatment plant and sewer collection system no later than July 31, 2007.

Staff further recommends that the Company file with Docket Control as a compliance item in this docket copies of the Certificates of Approval of Construction ("AOC") MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than April 30, 2008.

Staff recommends that the Company file with Docket Control as a compliance item in this docket a copy of the Maricopa Association of Governments ("MAG") approved 208 Plan with a map of the Company's 208 Master Plan boundary no later than April 30, 2007.

Staff further recommends that the Company file with Docket Control as a compliance item in this docket a copy of the notice issued by Arizona Department of Environmental Quality ("ADEQ") that the Company's Aquifer Protection Permit ("APP") and/or Arizona Pollutant Discharge Elimination System ("AZPDES") has been approved no later than April 30, 2008.

Staff recommends the Commission approve Staff's recommended rates and charges as shown in Schedule JRM-4 attached to Exhibit 3.

The Company should be ordered to file in Docket Control, as a compliance matter, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.

Staff further recommends that Staff's recommended rates be amended, if necessary, to conform with the Commission Decision in Docket No. W-00000C-06-0147.

Staff recommends the Commission allow the Company to collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R-14-2-409.D.5.

Staff further recommends that the Company be required to make its initial investment of equity of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet (Sewer)<sup>1</sup>

Staff further recommends that the Commission make an estimated fair value rate base finding of \$4,464,201 in the fifth year.

Staff further recommends that the Company be ordered to file a rate case in its sixth year of operations, using the fifth year as the test year.

Staff recommends the Company notify the Commission within 15 days of serving its first customer through a memo to this docket in Docket Control as a compliance filing.

Staff recommends that the Company adopt the depreciation rates as shown in Table 1 of Exhibit 2 (Engineering Memorandum).

Staff recommends that the Company file the franchise agreement in this docket with Docket Control as a compliance item within one year of the Commission's decision in this case.

<sup>&</sup>lt;sup>1</sup> See Attachment C to the Application.

#### TABLE OF CONTENTS

			PAGE
Introduction			1
The Proposed Facilities			1
Maricopa County Environmenta	al Services Department.		1
Arizona Department of Environ	mental Quality (ADEQ)	Compliance	2
Cost Analysis			2
Depreciation Rates	······································		2
Financing		••••	2
Rates			3
County Franchise			3
Recommendations			3
	ATTACHMENT(S)		
ENGINEERING MAP			1
ENGINEERS REPORT			2
EDIANICE AND DECLIE ATODY			3

Hassayampa Utility Comp Docket No. SW-20422A-05-0659 Page 1



#### Introduction

On September 19, 2005, Hassayampa Utility Company ("Hassayampa" or "the Company") filed an application for approval of a Certificate of Convenience and Necessity ("CC&N") to provide utility wastewater service in an area called the Hassayampa Ranch Development, located west of the Town of Buckeye and three miles north of Interstate 10 in an unincorporated area of Maricopa County. The proposed area includes approximately 2,050 acres. Exhibit 1, attached, is a map and legal description of the proposed CC&N area.

By the end of the fifth year of operations, Hassayampa expects to serve approximately 3,000 residential customers and 1 irrigation customer. At build-out, approximately 6,000 customers are expected. The developer is Harvard Investments, Inc. whose development portfolio includes several developments in Arizona such as Lake Pleasant 5000 near Lake Pleasant, Back O'Beyond in Sedona, and Mountain Vista and Northwest Ranch in the City of Surprise as well as developments in San Antonio and Austin, Texas. Hassayampa received a request for service from Hassayampa Ranch Ventures, LLC to serve the Development. The Water Utility of Greater Tonopah has recently received a CC&N extension to provide water service to this area.

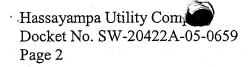
Hassayampa is a wholly owned subsidiary of Global Water Resources, Inc. ("Global"). Global's other Arizona utility subsidiaries include Cave Creek Water Company, Palo Verde Utilities Company and Santa Cruz Water Company. Global has also been appointed as interim manager for Sabrosa Water Company.

#### The Proposed Facilities

The Company will install an enclosed sequential batch reactor wastewater treatment plant in two phases. The plant will have an ultimate capacity of 3.2 million gallons per day ("MGD") of wastewater flow. The treated effluent will be disposed of in surface water impoundment systems such as irrigation and ponds. Staff's Engineering Memorandum, attached as Exhibit 2, provides a more detailed description of the plant and its cost.

#### Maricopa County Environmental Services Department

Maricopa County Environmental Services Department ("MCESD") requires Hassayampa to apply for and receive Certificates of Approval to Construct ("ATC") and Certificates of Approval of Construction ("AOC") for the proposed plant. Staff recommends that the Company file with Docket Control as a compliance item in this docket, copies of the ATC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than July 31, 2007. Staff further recommends that the Company file with Docket Control as a compliance item in this docket copies of the AOC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than April 30, 2008.





#### Arizona Department of Environmental Quality (ADEQ) Compliance

The Aquifer Protection Permit ("APP") and/or Arizona Pollutant Discharge Elimination System ("AZPDES") discharge permits will be required by ADEQ before the plant can be placed in service. The Maricopa Association of Governments ("MAG") Section 208 plan amendment approval will also be needed. The Company has applied for its 208 Plan but has not yet received approval. Staff recommends that the Company file with Docket Control as a compliance item in this docket a copy of the MAG approved 208 Plan with a map of the Company's 208 Master Plan boundary no later than April 30, 2007. Staff further recommends that the Company file with Docket Control as a compliance item in this docket a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than April 30, 2008.

#### **Cost Analysis**

Hassayampa has estimated costs of the plant to serve Hassayampa Ranch at \$16,058,300. Staff concludes that the estimated costs are reasonable and appropriate for this project. However, no "used and useful" determination of the proposed plant in service was made, and no conclusions should be inferred for rate making or rate base purposes.

#### **Depreciation Rates**

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table 2 of Exhibit 2. Staff recommends that the Company be ordered to adopt the depreciation rates by individual National Association of Regulatory Utility Commissioners ("NARUC") category, as shown on the Table 2.

#### Financing

The Company's rates and methods of financing plant are discussed in the Staff's Financing and Accounting Report attached as Exhibit 3. According to the Report, Hassayampa's advances-in-aid-of-construction ("AIAC") are estimated at the end of year 5 to be \$9,255,920, representing approximately 57 percent of the estimated gross capital expenditures of \$16,058,300. For the same period, the Company projects a net balance of \$0 for contributions-in-aid-of-construction ("CIAC"). Generally, the total AIAC and CIAC should not exceed 25-30 percent of the related estimated capital expenditures. Over-reliance on AIAC and CIAC can lead to improperly capitalized private water and wastewater companies.

However, Staff notes that the Company will have approximately 46 percent<sup>2</sup> in equity capital at the end of year 5. The total equity balance at that time is estimated to be \$7,976,530. A 46 percent equity balance will provide some assurance as to the Company's continued access to capital markets for further expansion beyond year 5. Staff recommends that the Company be

<sup>&</sup>lt;sup>2</sup> Assumes that AIAC is included in the capital structure as debt as of the end of year five.



required to make its initial equity investment of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet (Sewer)<sup>3</sup>.

#### Rates

Schedule JRM-4 attached to Exhibit 3, presents a complete list of the Company's proposed, and Staff's recommended rates and charges. The Company requests rates based upon water usage. However, Staff recommends adoption of a flat monthly fee of \$54.25 for 5/8 x <sup>3</sup>/<sub>4</sub> inch and <sup>3</sup>/<sub>4</sub> inch meter customers.

Staff recommends adoption of the Company's proposed service charges. However, Staff recommends a non-sufficient funds ("NSF") check charge of \$25.00, which reflects the industry standard. This is a decrease of \$10.00 from the Company's proposed NSF check charge of \$35.00.

#### **County Franchise**

Hassayampa has not yet received a franchise from Maricopa County. Staff recommends that the Company file the franchise agreement in this docket with Docket Control as a compliance item within one year of the Commission's decision in this case.

#### Recommendations

Staff recommends that the Company file with Docket Control as a compliance item in this docket copies of the ATC from MCESD for the proposed Phase I treatment plant and sewer collection system no later than July 31, 2007.

Staff further recommends that the Company file with Docket Control as a compliance item in this docket copies of the AOC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than April 30, 2008.

Staff recommends that the Company file with Docket Control as a compliance item in this docket a copy of the MAG approved 208 Plan with a map of the Company's 208 Master Plan boundary no later than April 30, 2007.

Staff further recommends that the Company file with Docket Control as a compliance item in this docket a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than April 30, 2008.

Staff recommends the Commission approve Staff's recommended rates and charges as shown in Schedule JRM-4 attached to Exhibit 3.

<sup>&</sup>lt;sup>3</sup> See Attachment C to the Application.

Hassayampa Utility Composition Docket No. SW-20422A-05-0659
Page 4



The Company should be ordered to file in Docket Control, as a compliance matter, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.

Staff further recommends that Staff's recommended rates be amended, if necessary, to conform with the Commission decision in Docket No. W-00000C-06-0147.

Staff recommends the Commission allow the Company to collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.A.C. R-14-2-409.D.5.

Staff further recommends that the Company be required to make its initial investment of equity of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet (Sewer)<sup>4</sup>

Staff further recommends that the Commission make an estimated fair value rate base finding of \$4,464,201 in the fifth year.

Staff further recommends that the Company be ordered to file a rate case in its sixth year of operations, using the fifth year as the test year.

Staff recommends the Company notify the Commission within 15 days of serving its first customer through a memo to this docket in Docket Control as a compliance filing.

Staff recommends that the Company adopt the depreciation rates as shown in Table 1 of Exhibit 2 (Engineering Memorandum).

Staff recommends that the Company file the franchise agreement in this docket with Docket Control as a compliance item within one year of the Commission's decision in this case.

<sup>&</sup>lt;sup>4</sup> See Attachment C to the Application.



TO:

Linda Jaress

Executive Consultant III

Utilities Division

FROM:

Barb Wells

Information Technology Specialist

Utilities Division

THRU:

Del Smith 08

Engineering Supervisor

Utilities Division

DATE:

October 18, 2005

RE:

HASSAYAMPA UTILITIES COMPANY, INC. (DOCKET NO. SW-20422A-05-0659)

The area requested by Hassayampa for a CC\$N for wastewater service has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached is a copy of the map for your files.

:bsw

Attachments

cc: Docket Control

Ms. Cindy Liles

Ms. Deb Person (Hand Carried)

File

# COUNTY Maricopa

	and the second second second			and the second	the fact of the state of the st
re est de cure est propos de la composición		- 6	Control and the second		
San San James James	and the second of the second o				to and the same with a superior
	· · · · · · · · · · · · · · · · · · ·				
	e en	and the second second		a saya taran sa faransa di dalam sa	
			e la company		
		. Likewa kata kata		are in Leonaria dan ia il la rivilla	
٤.,			t in the second		
	3		6.7	and the second s	
		The second of th		The same of the sa	and the second s
a de la composição de l				au a serie d'area, reservit es surve es aflures para de	
er ett i statum ja janga ja kanan sa sila sa est terminis	in a francisco de la constitución de la constitució	No.			
					Andrew Control of the
······································					
	in the second confidence of the second secon		to the second se		
-				The second secon	The state of the s
	Account to the transport for the contract of the con-	and the second of the second of the second of the second of	Process and the second	ra a raining of the transport and after the state of the	that the contract the transport of the contract of the contrac

Hassayampa Utilities Company, Inc. Docket No. SW-20422A-05-0659
Application for CC&N for Wastewater

#### **EXHIBIT "A"**

#### PARCEL NO. 1:

ALL OF SECTION 15, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN COUNTY, ARIZONA.

#### PARCEL NO. 2:

THE EAST HALF OF THE NORTHEAST QUARTER, THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, THE WEST HALF AND THE SOUTHWEST QUARTER OF OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 3

ALL OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN COUNTY, ARIZONA;

EXCEPT THE NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE SOUTH HALF OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST BY DEED DATED NOVEMBER 12, 1941 AND RECORDED AT BOOK 366 OF DEEDS, PAGE 563, RECORDS OF MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST BY DEED DATED MARCH 3, 1939 AND RECORDED AT BOOK 331 OF DEEDS, PAGE 569, RECORDS OF MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST, BY DEED DATED MAY 11, 1949 AND RECORDED AT DOCKET 401, PAGE 326, RECORDS OF MARICOPA COUNTY, ARIZONA.

#### PARCEL NO. 4:

THE EAST HALF OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 5 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5 (BYU Parcel):

THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.



DATE:

April 20, 2006

TO:

Linda Jaress

**Executive Consultant III** 

Jamie Moe

Public Utilities Analyst

FROM:

Dorothy Hains 24

Utilities Engineer

RE:

New CC&N Application for Hassayampa Utilities Co.

Docket No. SW-20422A-05-0659

#### Introduction

Hassayampa Utilities Company ("Hassayampa" or "Company") has submitted an application for a new sewer Certificate of Convenience and Necessity (CC&N). Hassayampa is requesting a three square mile service area located near the Town of Tonopah in Maricopa County. According to the Company, planned development in the proposed CC&N area at build out would consist of 5,707 residential dwelling units, 1,526 residential equivalent dwelling units for commercial use and 143 residential equivalent dwelling units for school use for a total of 7,376 dwelling units. The first five year of the development will consist of 3,000 residential homes and one irrigation customer.

#### **Proposed Treatment System**

The Company proposes to install a two phase enclosed sequential batch reactor ("SBR") wastewater treatment plant which would have an ultimate capacity to treat 3.2 million gallons per day ("MGD") of wastewater flow. The proposed wastewater treatment system consists of sewer collection, influent lift station, grit removal device, two parallel SBR reactors, sludge digester, filter and ultra violet ("UV") disinfection units. The proposed treatment plant is located east of 391<sup>st</sup> Avenue near the Hasssyampa River and Indian School Road. The treated effluent will be disposed of in surface water impoundment systems such as irrigation and ponds.

Initially the Company will install a 1.0 MGD treatment plant for the first phase of development. Within five years after initial operation of the plant, the Company plans to expand its capacity to 3.2 MGD in the second phase of development. The Phase I plant is projected to be in service by November 2006.

The proposed treatment plant and sewage collection system will require Maricopa County Environmental Services Department ("MCESD") to issue Certificates of Approval to Construct ("ATC") and Certificates of Approval of Construction ("AOC"). Staff recommends that the Company file with Docket Control as a compliance item in this docket copies of the ATC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than July 31, 2007. Staff further recommends that the Company file with Docket Control as a compliance item in this docket copies of the AOC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than April 30, 2008.

#### Arizona Department of Environmental Quality (ADEQ) Compliance

The Aquifer Protection Permit ("APP") and/or Arizona Pollutant Discharge Elimination System ("AZPDES") discharge permits issued by ADEQ will be required before the plant can be placed in service. At this time, ADEQ has issued neither an APP nor an AZPDES for the proposed system. Maricopa Association of Governments ("MAG") Section 208 plan approval will also be needed. The Company has applied for its 208 Plan but has not received approval yet. Staff recommends that the Company file with Docket Control as a compliance item in this docket a copy of the MAG approved 208 Plan with a map of the Company's 208 Master Plan boundary no later than April 30, 2007. Staff further recommends that the Company file with Docket Control as a compliance item in this docket a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than April 30, 2008.

#### **Cost Analysis**

Staff's recommends that the Company's cost estimates which are listed in the right-hand column of the table below be used for purposes of this application.

NARUC	Description	Company's cost estimate
Account		(\$)1
351	Organization	25,000
352	Franchise	0
353	Land & Land Rights: Half Parcel of 360'x640'	130,000
354	Structure & Improvements:	350,000
355	Power Generation Equipment:	200,000
360	Collection Sewer – Force Mains including 1,700' of 12" & 10" PVC	1,204,000

<sup>&</sup>lt;sup>1</sup> The estimates are for Phase I and Phase II expansion within five years.

	(\$70/ft) & lift station (\$1,085,000)	
361	Collection Sewer – Gravity	4,903,300 <sup>2</sup>
	Including 8,400' of 24" HDPE (\$85/ft)	
	5,400' of 15" PVC, (\$65/ft)	
	4,000' of 12" PVC.(\$60/ft)	
	9,150' of 10" PVC (\$55/ft)	
	7,200' of 8" PVC (\$45/ft)	
	74,900' of 6" PVC (\$37/ft)	
363	Service laterals:	0
364	Flow Measuring Device	0
365	Flow Measuring Installation	0
366	Reuse Service	0
367	Reuse Meter and Meter Installation	15,000
370	Receiving Wells	0
371	Pumping Equipment	720,000
374	Reuse Distribution Reservoirs	1,323,000
	including 18,600' of 15" PVC)	
375	Reuse Transmission and Distribution	1,023,000
	System	
380	Treatment & disposal Equipment	5,000,000
381	Plant Sewers	0
382	Outfall Sewer Line	900,000
389	Other Plant & Miscellaneous Equipment	0
390	Office Furniture	15,000
391	Transportation Equipment	30,000
392	Store Equipment	5,000
393	Tools, Shop & Garage Equipment	15,000
394	Lab equipment	40,000
395	Power Operated Equipment	40,000
396	Communication Equipment	120,000
397	Miscellaneous Equipment	0
398	Other Tangible Plant	
	Total	16,058,300

The Company's estimated total of \$16,058,300 for a 3.2 MGD wastewater treatment system equates to a unit cost of approximately \$5 per gallon of treated effluent. While Staff concludes that the estimated costs are reasonable and appropriate for this project, approval of this CC&N application does not imply any particular future treatment for rate base. No "used and useful" determination of the proposed plant in service was made, and no conclusions should be inferred for rate making or rate base purposes.

#### **Depreciation Rates**

<sup>&</sup>lt;sup>2</sup> According to the Company all expenses in this account should be treated as Advances In Aid of Construction.





Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table 2, and it is recommended that the Company use the depreciation rates by individual National Association of Regulatory Utility Commissioners (NARUC) category, as delineated in this table.

Table 1
DEPRECIATION RATES FOR WASTEWATER SYSTEM

		Average	Annual
Acct.	Depreciable Plant	Service	Accrual
No.	Depreciable Flant	Life	Rate (%)
		(Years)	
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	30	3.33
360	Collection Sewers – Force	50	2.00
361	Collection Sewers – Gravity	50	2.00
362	Special Collecting Structures	50	2.00
363	Services to Customers	50	2.00
364	Flow Measuring Devices	10	10.00
365	Flow measuring Installations	20	5.00
366	Reuse Services	50	2.00
367	Reuse Meters and Meter	30	3.33
	Installations		
370	Receiving Wells	30	3.33
371	Pumping Equipment	10	10.00
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission and	50	2.00
	Distribution System		
380	Treatment and Disposal Equipment	20	5.00
381	Plant Sewers	20	5.00
382	Outfall Sewer Lines	25	4.00
389	Other Plant & Misc Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.00
391	Transportation Equipment	5	20.00
392	Store Equipment	25	4.00
393	Tools, Shop & Garage Equipment	20	5.00
394	Laboratory Equipment	10	10.00
395	Power Operated Equipment	20	5.00
396	Communication Equipment	10	10.00
397	Miscellaneous Equipment	10	10.00
398	Other Tangible Plant		

#### Summary

#### I. Conclusions

- 1. Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area.
- 2. Staff concludes that the estimated costs are reasonable and appropriate for this project.

#### II. Recommendations

- 1. Staff recommends that the Company use the depreciation rates delineated in Table 1 for its wastewater system.
- 2. Staff recommends that the Company file with Docket Control as a compliance item in this docket copies of the ATC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than July 31, 2007.
- 3. Staff further recommends that the Company file with Docket Control as a compliance item in this docket copies of the AOC MCESD issues for the proposed Phase I treatment plant and sewer collection system no later than April 30, 2008.
- 4. Staff recommends that the Company file with Docket Control as a compliance item in this docket a copy of the MAG approved 208 Plan with a map of the Company's 208 Master Plan boundary no later than April 30, 2007.
- 5. Staff further recommends that the Company file with Docket Control as a compliance item in this docket a copy of the notice issued by ADEQ that the Company's APP and/or AZPDES has been approved no later than April 30, 2008.



TO:

Linda Jaress

Executive Consultant Utilities Division

FROM:

Jamie R. Moe

Public Utilities Analyst V

Financial and Regulatory Analysis Section

**Utilities Division** 

DATE:

May 19, 2006

RE:

HASSAYAMPA UTILITY COMPANY, INC.

DOCKET NO. SW-20422A-05-0659

#### Introduction

On September 19, 2005, Hassayampa Utility Company, Inc. ("Company") filed an application with the Arizona Corporation Commission ("Commission") for a certificate of convenience and necessity ("CC&N") to provide wastewater service to a three square mile service area located near the Town of Tonopah in Maricopa County, Arizona. The area currently has no wastewater service.

Historical operating and financial information does not exist to provide a basis for establishing rates for this wastewater system. Therefore, consistent with Commission rules, the Company's filing included the required five-year projections for plant values, operating revenues, operating expenses, and customers.

Staff's recommended rates are based on the Company's five-year projections, as adjusted by Staff. Staff recommends revenues of \$1,928,427, an increase of \$36,900 from the Company's proposed revenues of \$1,891,527 in year five. Staff's recommended revenues would generate operating income of \$357,947 resulting in an 8.02 percent rate of return on a Staff adjusted original cost rate base ("OCRB") of \$4,464,201 as shown on Schedule JRM-1.

#### Projected Fair Value Rate Base ("FVRB")

The Company provided information that was sufficient to calculate the projected OCRB as shown on Schedule JRM-2. Staff evaluated the projected OCRB as the FVRB. Staff recommends a projected FVRB in year five of \$4,464,201.

#### Projected Plant in Service

In the first year, the Company plans to invest \$130,000 in land and \$11,721,450 in backbone plant and on-site facilities for a total investment of \$16,058,300 by the end of year five. Staff acknowledges that the costs of plant in service appear reasonable and appropriate for this project; approval of this CC&N application does not imply any particular future treatment for rate base.

#### Accumulated Depreciation

The Company's projected accumulated depreciation balances are shown by year on Schedule JRM-5. In the fifth year, Staff anticipates a \$2,338,179 accumulated depreciation balance based on Staff's recommended depreciation rates, an increase of \$700,430 from the Company's anticipated balance of \$1,637,749 for accumulated depreciation.

### Projected Advances In Aid of Construction ("AIAC") and Contributions In Aid of Construction ("CIAC")

The Company's estimated AIAC at the end of year 5 totals \$9,255,920 and represents approximately 57 percent of the estimated gross capital expenditures of \$16,058,300. In the fifth year, the Company projects a net balance of \$0 for CIAC. Staff usually recommends that the total AIAC and CIAC not exceed 25-30 percent of the related estimated capital expenditures. Over reliance on AIAC and CIAC can lead to improperly capitalized private water and wastewater companies.

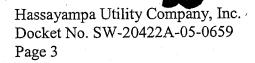
However, Staff notes that the Company will have approximately 46%<sup>1</sup> in equity capital at the end of year 5. The total equity balance at that time is estimated to be \$7,976,530. A 46 percent equity balance will provide some assurance as to the Company's continued access to capital markets for further expansion beyond year 5. Staff will recommend that the Company be required to make its initial contribution of equity of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet (Sewer)<sup>2</sup>.

The equity funds provided to the Company by its owner, Global Water Resources, Inc., may have been or may be obtained using non-traditional funding sources such as those provided via an Infrastructure Coordination and Finance Agreement. Such agreements require land developers to provide non-refundable cost free financing to Global.

The Commission is currently evaluating the effects of such funding sources, in Docket No. W-00000C-06-0147, to determine the appropriate regulatory treatment for these types of transactions. Staff may propose an amendment to this Staff Report and make appropriate

<sup>2</sup> See Attachment C to the Application.

<sup>&</sup>lt;sup>1</sup> Assumes that AIAC is included in the capital structure as debt as of the end of year five.





changes to its recommended rates based upon the Commission's decision in Docket No. W-00000C-06-0147. A Commission decision in the generic docket is expected in the 3<sup>rd</sup> quarter of 2006. Therefore, changes can be made to the recommended rates prior to serving any of the Company's customers.

For example, should the Commission require that funds received under a non-traditional agreement be treated as CIAC, Staff will make a reduction to the Company's proposed rate base and develop new rates.

#### **Projected Operating Income**

The Company provided projected revenues and expenses for five years. Staff's analysis, while taking into account all of the years presented, is concentrated on the fifth year of operation when breakeven or profitability is usually expected.

#### Projected Operating Revenues

Staff reviewed the Company's calculation of revenue based on the five-year projection and found it to be reasonable; however, Staff made an adjustment to reflect its calculations based upon a mid-year average for customer growth. Schedule JRM-1 reflects Staff's estimate of operating revenues in year five of \$1,928,427, an increase of \$36,900 from the Company's projection of \$1,891,527. These revenues are based upon the Company's projected customer growth shown on Schedule JRM-3.

#### Projected Operating Expenses

Staff reviewed the operating expenses and found them to be reasonable. Staff adjusted the Company's proposed depreciation rates and replaced them with those recommended by Staff Engineering. Staff adjusted depreciation expense in year five to \$562,121, an increase of \$112,918 from the Company's projected depreciation expense of \$449,203. Schedule JRM-1 reflects operating expenses of \$1,570,480 in year five, an increase of \$112,919 over the Company's projection of \$1,457,561.

#### Rate Design

Schedule JRM-4 presents a complete list of the Company's proposed, and Staff's recommended rates and charges. The Company expects that in the fifth year of operations it will serve 3,000 residential customers and one irrigation customer. Staff recommends adoption of one monthly fee for service of \$54.25 for 5/8 x <sup>3</sup>/<sub>4</sub> inch and <sup>3</sup>/<sub>4</sub> inch meter customers.

Hassayampa Utility Compay, Inc. Docket No. SW-20422A-05-0659
Page 4



#### Service Charges

Staff recommends adoption of the Company's proposed service charges. However, Staff recommends a non-sufficient funds ("NSF") check charge of \$25.00, which reflects the industry standard. This is a decrease of \$10.00 from the Company's proposed NSF check charge of \$35.00.

#### **Staff Recommendations**

Staff recommends approval of the Staff recommended rates and charges as shown in Schedule JRM-4.

Staff further recommends that the Company be required to make its initial contribution of equity of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet (Sewer)<sup>3</sup>

Staff further recommends that the Commission make an estimated fair value rate base finding of \$4,464,201 in the fifth year.

Staff further recommends that the Company utilize the depreciation rates stated in the attached Engineering Memorandum.

Staff further recommends that the Company be ordered to file for a rate case in its sixth year of operations, using the fifth year as the test year.

Staff further recommends that Staff's recommended rates be amended, if necessary, to conform with the Commission decision in Docket No. W-00000C-06-0147.

<sup>&</sup>lt;sup>3</sup> See Attachment C to the Application.

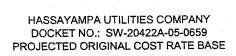




#### HASSAYAMPA UTILITIES COMPANY DOCKET NO.: SW-20422A-05-0659 PROJECTED INCOME STATEMENTS ACC FORM CS-2

		Year 1		Year 2		Year 3		Year 4		Year 5
Average Number of:		300		900		1,500		2,100		2,700
Residential Customers		300		900		1,500		2,100		2,700
_										
Revenues: Flat Rate Revenues - Residential	\$	195,300	¢	585,900	\$	976,500	\$	1,367,100	\$	1,757,700
	Ф	17,000	φ	50,909	Ψ	84,849	Ψ	118,788	Ψ	152,727
Measured Revenues		18,030		18,000		18,000		18,000		18,000
Other Revenues - Est. of Service		10,030		10,000		10,000		10,000		10,000
Total Revenues	\$	230,330	\$	654,809	\$	1,079,349	\$	1,503,888	\$	1,928,427
Operating Expenses:										
Pumping Power - All	\$	20,650	\$	61,949	\$	103,248	\$	144,547	\$	185,846
Salaries & Wages		130,000		133,900		137,917		142,055		146,316
Payroll Burden		42,900		44,187		45,513		46,878		48,284
Permits (Not Capitalized)		5,000		5,000		5,000		5.000		5,000
Licences (Not Capitalized		2,000		2,060		2,122		2,185		2,251
Engineering (Not Capitalized)		2,000		2,060		2,122		2,185		2,251
Chemicals		6,000		9,000		12,000		15,000		18,000
Supplies		4,000		5,000		6,000		7,000		8,000
Repairs		12,000		16,000		19,000		22,000		25,000
Insurance (b)		4,000		4,120		4,244		4,371		4,502
Office Expense		1,000		3,000		5,000		7,000		9,000
Billing, Postage, Operations		10,818		32,436		54,036		75,636		97,236
Contract Labor		6,000		6,180		6,365		6,556		6,753
Rentals		0,000		-				0,500		0,755
		3,000		6.180		9,548		13,113		16,883
Solids Handling		3,000		3,090		3,183		3,278		3,377
Rentals		3,000		3,090		3,183		3,278		3,377
Recharge Site Maintenance						•		539,455		562,121
Depreciation Expense		239,106		485,022		512,475		5,464	•	•
Vehicle Expenses		5,000		5,150		5,305		•		5,628
Legal & Accounting		15,000		15,450		15,914		16,391		16,883
Testing		10,000		12,000		14,000		16,000		18,000
Miscellaneous Expenses		4,800		4,944		5,092		5,245		5,402
Income Taxes		50		50		50		134,227		300,145
Property Taxex		13,532		21,387		36,696		58,961		80,225
Total Operating Expenses	\$	542,856	\$	881,255	\$	1,008,013	\$	1,275,825	\$	1,570,480
Operating Income (Loss)	\$	(312,526)	\$	(226,446)	\$	71,336	\$	228,063	\$	357,947
Original Cost Rate Base	\$	7,166,844	\$	7,363,022	\$	7,536,397	\$	4,926,662	\$	4,464,201
Return on Rate Base	Ŧ	-4.36%		-3.08%	7	0.95%	•	4.63%		8.02%
Revenue Assumptions										
Residential Flat Rate - Per Month	\$	54.25								
Establishment of Service Charge	\$	30.00								





	Year 1	Year 2	Year 3	Year 4	Year 5
Plant In Service Plus: Plant Additions	\$ - 11,721,450	\$ 11,721,450 681,200	\$ 12,402,650 1,689,100	\$ 14,091,750 633,900	\$ 14,725,650 1,332,650
Total Plant In Service Less: Accumulated Depreciation	11,721,450 239,106	12,402,650 724,128	14,091,750 1,236,603	14,725,650 1,776,058	16,058,300 2,338,179
Net Plant In Service	11,482,344	11,678,522	12,855,147	12,949,592	13,720,121
Less: Advances In Aid of Construction ("AIAC") - 1	4,315,500	4,315,500	5,318,750	8,022,930	9,255,920
Original Cost Rate Base	\$ 7,166,844	\$ 7,363,022	\$ 7,536,397	\$ 4,926,662	\$ 4,464,201

<sup>&</sup>lt;sup>1</sup> - Per Company Schedule - Pro Forma Balance Sheet





HASSAYAMPA UTILITIES COMPANY DOCKET NO.: SW-20422A-05-0659 PROJECTED CUSTOMER GROWTH

Residential:						
Beginning Customers Customer Additions		600	600 600	1,200 600	1,800 600	2,400 600
Ending Balance	-	600	1,200	1,800	2,400	3,000
Average Residential Customers		300	900	1,500	2,100	2,700
Irrigation: Beginning Customers Customer Additions		1	1	1	1	1



# HASSAYAMPA UTILITIES COMPANY DOCKET NO.: SW-20422A-05-0659 SCHEDULE OF RECOMMENDED RATES AND CHARGES

Schedule JRM-4

		Company Proposed	Reco	Staff ommended
Monthly Wastewater Service:				
Residential & Commercial Service				
5/8 x 3/4 Inch	\$	52.00	\$	54.25
3/4 Inch		52.00		54.25
1 Inch		130.00		100.00
1 1/2 Inch		260.00		100.00
2 Inch		416.00		100.00
3 Inch		832.00		200.00
4 Inch		1,300.00		200.00
6 Inch	,	2,600.00		200.00
For General Irrigation (Per Acre Foot) For General Irrigation (Per 1,000 Gallons)	\$	400.00 1.23	\$	400.00 1.23
Other Rates and Charges:				
Establishment of Service - Regular Hours	\$	30.00	\$	30.00
Re-establishment of Service (Within 12 Months)	•	(1)		(1)
Reconnection - Delinquent		50.00		50.00
Customer Deposit		(2)		(2)
Deposit Interest		3.50%		(2)
NSF Check Charge		35.00		25.00
Late Payment Penalty - Per Month		1.50%		1.50%
Deferred Payment Interest - Per Month		1.50%		1.50%
Main Extensions/Additional Facilities	1	Cost		Cost
Revenue Taxes & Assessments		(3)		(3)

#### Notes:

- (1) Per Rule R14-2-603D Months off system times the minimum charge.
- (2) Per Rule R14-2-603B
- (3) Per Rule R14-2-608D

								-				ć	A
						Original	Depr.	Accum.			Criginal	L Depr.	Acculu.
		Original	Accum.	Additions	Retirements	Cost	Expense	Depr.	Additions Veer 2	Retirements	Cost	Expense Year 2	Depr. Year 2
	Description	Cost	Depr.	Year 1	rear	rear	ŀ	1 291	ובפוק		9 000 30	-	
351	51 Organization	·	·	\$ 25,000		\$ 25,000			s	-	e 000'c7		•
8	352 Franchises			•	•	•	•	•		•		•	•
35	353 Land and Land Rights	,	•	130,000	•	130,000		•		.•	130,000	, 0	47 400
36	354 Structures & Improvements	_		350,000	•	320,000		5,828			000,000	660,11	200.0
35	355 Power Generation Equipment			200,000	•	200,000	3,330	3,330	•	•	200,000	6,660	9,880
33	_	•	•	839,000	•	839,000		8,390	•	•	839,000	16,780	071,62
	_	•	•	1,831,450	•	1,831,450	18,315	18,315	681,200	•	2,512,650	43,441	967,19
స	53 Service Laterals	•		•	•	•	•	•	•		•		
స	55 Flow Measuring Devices & Install.		•		•			•	•	•			1
గ	67 Reuse Meter & Meter Installation	·	•	15,000	•	15,000	220	250	•	•	15,000	200	OC.
'n	70 Receiving Wells		•	•	•			•	•	•	, 000	1	. 000
e,	71 Pumping Equipment			720,000	•	720,000		36,000		•	720,000	72,000	106,000
(r)	74 Reuse Distribution Reservoirs	•		1,023,000	•	1,023,000		12,788	•	•	1,023,000	25,575	38,363
C.	75 Reuse Trans & Dist. System		•	1,023,000	•	1,023,000		10,230	•	• .	1,023,000	20,460	30,690
. **	80 Treatment & Disnosal Equipment		•	5,000,000	•	5,000,000		125,000	•	•	2,000,000	250,000	375,000
o re	82 Outfall Sewer lines		. ,	300,000	•	300,000		000'9	•	•	300,000	12,000	18,000
5 6	89 Other Plant & Misc Eminment	•	•	•				•	•		•	•	•
7 6	SO Office Figure 1		•	15.000		15,000	200	200		. 1	15,000	1,001	1,501
ř	04 Transportation Equipment	-	•	30,000		30,000	60	3,000	•		30,000	6,000	000'6
'n	2) Store Equipment	•		2,000	•	5.000		100		•	2,000	200	300
າຕັ	03 Toole Char & Garage Fairinment	•	•	15,000	,	15,000		375	•	•	15,000	750	1,125
າ ຕັ	394 Lab Englowent			40.000	•	40,000	2	2,000	•	•	40,000	4,000	000'9
· č				40,000		40,000		1,000	•	•	40,000	2,000	3,000
) ří			•	120,000	•	120,000		6,000		•	120,000	12,000	18,000
ñ	_	•	•	•	•		•	,	•	•	•	•	•
			•	•	*	•	•	•				,	
		پ		4 11 721 450		\$ 11721450	239 106	\$ 239.106	\$ 681,200	•	\$ 12.402.650 \$	\$ 485,022	\$ 724,128
		7	*										
	(1) AIAC - Per Company Schedule - Pro Forma Balance Sheet	lance Sheet			•	4,315,500		•	•	•	4,315,500	•	
						7.405.950	239.106	239.106			8.087,150	485,022	724,128
	COND & Cept. Expense	*									•		

# HASSAYAMPA UTILITIES COMPANY DOCKET NO.: SW-20422A-05-0659

# Depreciation Schedule

							į					,																			•		
V COLIG	Depr.	Year 5	•	•		52,448	29,970	84,160	287,664	•		2,250		324,000	133,838	92,070	1,125,000	000'06	•	4,504	27,000	900	3,375	18,000	9,000	54,000		-	2,338,179		. •		2,338,179
2000	Lxpense	Year 5	•	•	•	11,655	6,660	21,680	90,140			200	. ;	72,000	33,075	20,460	250,000	30,000		1,001	000'9	200	750	4,000	2,000	12,000			562,121 \$		•		562,121
jouisin	Cost		\$ 000'52	•	130,000	350,000	200,000	1,204,000	4,903,300	•		15,000	. ;	720,000	1,323,000	1,023,000	5,000,000	000'006		15,000	30,000	2,000	15,000	40,000	40,000	120,000	•		16,058,300 \$	112,918	9,255,920		6,802,380
	,		↔																										~	s			
	Retirements	Year 5	•	•	•	•		•	ı	•	•	•	•	•	•		•	•	•	•	•	•	•	•	•	•	•	,	•		•		
	Additions		·	•		•		240,000	792,650	,	•		•		•	•	٠,	300,000			•								1,332,650 \$				
	. ₹	_	€9																										**				
-	Accum. Depr.	Year 4	•	•	•	40,793	23,310	62,480	197,524	•	•	1,750	•	252,000	100,763	71,610	875,000	000'09		3,503	21,000	200	2,625	14,000	2,000	42,000	•		1,776,058				1,776,058
	Depr. Expense	Year 4			•	11,655	6,660	19,280	75,874			200		72,000	33,075	20,460	250,000	24,000		1,001	6,000	200	750	4,000	2,000	12,000	•		539,455 \$			!	539,455
-	בֿ בֿ	<b>*</b>	<b>₩</b>																										s				
	Original	Year 4	25,000	•	130,000	350,000	200,000	964,000	4,110,650	•		15,000		720,000	1,323,000	1,023,000	5,000,000	000,009		15,000	30,000	5,000	15,000	40,000	40,000	120,000	٠		14,725,650		8,022,930		6,702,720
	ø.	,	€?																										•				
	Retirements	Year 4	·	•	•	•	•	1	•	'	•	•	•		•	•	•	•	•	•	•	•	•	•	•		•	,	•		•		
	Additions	Year 4		٠		•	•		633,900	•	•		•	•		•	•	•	•	•	•	•	•	•		•	•		633,900		•		
<u>-</u>	Accum. Denr	Year 3	•	. ,	•	29,138	16,650	43,200	121,650	•	•	1,250	'	180,000	67,688	51,150	625,000	36,000	•	2,502	15,000	200	1,875	10,000	5,000	30,000	,	•	1,236,603 \$		,		1,236,603
	Ϋ́	, ×	\$																										٠٠				-
	Depr. Exnense	Year 3		•	•	11,655	6,660	18,030	59,894	•		200	•	72,000	29,325	20,460	250,000	18,000	•	1,001	6,000	200	750	4,000	2,000	12,000	•		512,475		•		512,475
			8		0	0						0		0	0	0		. 0		0	0	0	0	0	0	0			<b>\$</b>		0		0
	Original	Year 3	25,000	•	130,000	350,000	200.000	964.000	3,476,750	. •	•	15,000		720,000	1,323,000	1.023,00	5,000,00	000 009	•	15.00	30.00	5.00	15,00	40,000	40,00	120,000	r	,	\$ 14,091,750		5,318,750		8,773,000
	ų	2					. ,					,										,					,	,	1				
	Rotirements	Year 3	€9	٠	•		•																						, <del>69</del>				
	Additions	Year 3	•	. •		•	•	125,000	964,100		•	•	•	•	300,000	•	 	300.000	,	•		•	•			•	•		1,689,100		•		
			1																											H			



#### Staff's Changes to Staff Report Recommendations:

#### 1. Original Recommendation:

"Staff further recommends that the Company be required to make its initial contribution of equity of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet (Sewer)".

#### Revised Recommendation:

"Staff further recommends that the Company shall be required to have no less than \$7,150,000 in equity by the end of the first year of operations. The Company shall file a notice that this condition has been satisfied 90 calendar days after the end of the first year of operations. The Company also agrees that subsequent equity contributions may be governed by any decision reached in Docket No. W-00000C-06-0147."

#### 2. Remove the following recommendation:

"Staff further recommends that Staff's recommended rates be amended, if necessary, to conform with the Commission decision in Docket No. W-00006C-06-0147."

#### Replace with the following recommendation:

"Staff anticipates that the Company's conformance to Docket No. W-0000C-06-0147 will be evaluated in the Company's next general rate filing."



# HASSAYAMPA UTILITIES COMPANY DOCKET NO.: SW-20422A-05-0659 SCHEDULE OF RECOMMENDED RATES AND CHARGES

Schedule JRM-4

Monthly Wastewater Service:		Company Proposed		Staff Recommended	
Residential & Commercial Service	•	<b>#0</b> 00	•	= 4 0 =	
5/8 x 3/4 Inch	\$	52.00	\$	54.25	
3/4 Inch		52.00		54.25	
1 Inch		130.00		135.00	
1 1/2 Inch		260.00		270.00	
2 Inch		416.00		430.00	
3 Inch		832.00		860.00	
4 Inch		1,300.00		1,350.00	
6 Inch		2,600.00		2,700.00	
Effluent Sales					
For General Irrigation (Per Acre Foot)	\$	400.00	\$	400.00	
For General Irrigation (Per 1,000 Gallons)		1.23		1.23	
Other Rates and Charges:					
Establishment of Service - Regular Hours	\$	30.00	\$	30.00	
Re-establishment of Service (Within 12 Months)		(1)		(1)	
Reconnection - Delinquent		50.00		50.00	
Customer Deposit		(2)		(2)	
Deposit Interest		3.50%		(2)	
NSF Check Charge		35.00		25.00	
Late Payment Penalty - Per Month		1.50%		1.50%	
Deferred Payment Interest - Per Month		1.50%		1.50%	
Main Extensions/Additional Facilities		Cost		Cost	
Revenue Taxes & Assessments		(3)		(3)	

#### Notes:

- (1) Per Rule R14-2-603D Months off system times the minimum charge.
- (2) Per Rule R14-2-603B
- (3) Per Rule R14-2-608D

#### BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
JEFF HATCH-MILLER, CHAIRMAN
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



IN THE MATTER OF THE APPLICATION OF HASSAYAMPA UTILITIES COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER SERVICE Docket No. WS- 2042ZA-05-0659

# APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY

Hassayampa Utilities Company ("Hassayampa" or "Applicant"), through undersigned counsel, hereby applies to the Arizona Corporation Commission ("Commission") for approval of a Certificate of Convenience and Necessity ("CC&N"), for wastewater service as detailed more fully herein. The CC&N is necessary at this time to assure that wastewater facilities are in place and that service is available for the residents and businesses that will soon be located within the certificated area. The Applicant is qualified and prepared to provide the necessary facilities and service to the area. In support of this Application, Applicant states as follows:

- 1. Applicant is a corporation formed for the purpose of providing wastewater utility service, within portions of Maricopa County, Arizona. Applicant is a wholly owned subsidiary of Global Water Resources, Inc. (Global). A certificate of good standing for Applicant is attached as <a href="Exhibit 1">Exhibit 1</a>.
- 2. Applicant seeks authority to provide service to the Hassayampa Ranch development. The developers of Hassayampa Ranch have requested that Applicant provide wastewater treatment service to the development. A copy of the request for service is attached as <a href="Exhibit 2">Exhibit 2</a>. Water service to the development will be provided by Water Utility of Greater Tonopah.

- 3. The Hassayampa Ranch development includes approximately 2,050 acres and is located in an unincorporated area of Maricopa County that is west of the Town of Buckeye and approximately three miles north of Interstate 10. The proposed plan for Hassayampa Ranch includes 5,707 residential units, 143 school Equivalent Dwelling Units (EDUs) and 1,526 commercial EDUs.
- 4. A legal description of the proposed service area covered by this application is attached as Exhibit 3.
- 5. Attached as Exhibit 4 is the Commission's standard for application for an initial CC&N to provide wastewater service.
- 6. Applicant has filed an application for an amendment to the Maricopa Association of Governments (MAG) §208 Plan to reflect Applicant's intent to provide service to Hassayampa Ranch. A copy of the §208 Plan Amendment Application is attached as Exhibit 5.
- 7. Applicant is in the process of obtaining a franchise from Maricopa County and will file a copy of the franchise when granted by the County.
- 8. Initially, Applicant, in conjunction with Global, will design, construct, own and operate a wastewater treatment/water reclamation facility (the Hassayampa Ranch Water Reclamation Facility ("HRWRF")). Applicant will acquire 19.4 acres from the developer of Hassayampa Ranch for the HRWRF to accommodate the plant, and the set-back provisions established by ADEQ. The initial phase of the facility will have a capacity of 1 MGD and is anticipated to be completed in the Fall of 2006. It is anticipated that the HRWRF will be expanded to 3.2 MGD to meet increased demand as Hassayampa Ranch develops. Global will provide the initial capital necessary to fund the design and construction of the HRWRF. Applicant will also maintain an option for a second contiguous parcel of land for the potential expansion of the WRF to 10 MGD, on a total of 29.4 acres. Attached as Exhibit 6 is the Hassayampa Ranch Wastewater Service Area Report and Overview, which contains the facility site plan and provides more detail about the wastewater facilities.

9. Applicant is in the process of preparing an Aquifer Protection Permit for the HRWRF and anticipates submitting it to ADEQ in mid October 2005. Applicant will file copy of the APP permit application with the Commission upon its submission to ADEQ. It is anticipated that all effluent from the facility will be reused to the maximum extent possible. Effluent reuse areas will be owned privately and permitted with "Type 2 Reclaimed Water General Permit – Class A+" permits. However, Applicant is also preparing an application to ADEQ for an AzPDES discharge permit and an underground storage facility (USF) for recharge and will file a copy of those permit applications with the Commission upon submission to ADEQ. In conjunction, a recovery permit will be sought to allow for the recharge/recovery of treated effluent to meet the needs of the new development.

- 10. Construction of the wastewater collection system for Hassayampa Ranch will be financed primarily by either advances or contributions in aid of construction pursuant to the terms of main extension agreements between Applicant and either the developer of Hassayampa Ranch or home builders.
- 11. Notice of this Application will be given by publication in a newspaper of general circulation as required by the Commission. Proof of publication will be filed with the Commission.
- 12. Applicant maintains that this Application is in the public interest and should be granted. There will be a need for wastewater service in Hassayampa Ranch in the near future. Given its access to its parent company's resources and technical expertise, Applicant is a fit and proper entity to provide wastewater service to Hassayampa Ranch. Moreover, there is no other existing wastewater service in the vicinity of Hassayampa Ranch that could provide service more efficiently or effectively than Applicant. In fact, the Hassayampa River, which bounds the development on the east side, interferes with the ability to transport sewage to facilities located on the other side of the river.

The management contact for Applicant is:

1

	1	C. Grant any such other and further relief as may be appropriate													
	2	circumstances herein.													
	3	RESPECTFULLY submitted this 19 day of September 2005.													
	4	ROSHKA DEWULF & PATTEN, PLC													
	5														
	6														
	7	- Math													
	8	By Michael W. Patten													
	9	One Arizona Center													
	10	400 East Van Buren Street, Suite 80 Phoenix, Arizona 85004													
	11	O : : 1 + 12 : : - : - : - : - : - : - : - : -													
2800	12	Original + 13 copies of the foregoing filed this day of September 2005, with:													
FACSIMILE 602-256-6800	13	Docket Control													
IMILE (	14	Arizona Corporation Commission 1200 West Washington													
FACS	15	Phoenix, Arizona 85007													
•	16	Copies of the foregoing hand-delivered/mailed this 2 day of September 2005, to:													
	17	Lyn A Farmer, Esq.													
	18	Chief Administrative Law Judge Arizona Corporation Commission													
	19	1200 West Washington Phoenix, Arizona 85007													
	20	Christopher C. Kempley													
	21	Chief Counsel, Legal Division Arizona Corporation Commission													
	22	1200 West Washington Phoenix, Arizona 85007													
	23	Ernest G. Johnson, Esq													
	24	Director, Utilities Division Arizona Corporation Commission													
	25	1200 West Washington Phoenix, Arizona 85007													
	26	Mi 1. 1.													
		William I for the													

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100

further relief as may be appropriate under the

1

.

### **EXHIBIT 1**







### Office of the CORPORATION COMMISSION

#### CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

\*\*\*HASSAYAMPA UTILITY COMPANY, INC. \*\*\*

a domestic corporation organized under the laws of the State of Arizona, did incorporate on July 6, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 25th Day of August, 2005, A. D.

Executive Director

By Cray Cipbell

### **EXHIBIT 2**

#### HASSAYAMPA RANCH VENTURES, LLC

17700 N. Pacesetter Way Scottsdale, Arizona 85255 (480)348-1118 (480)348-8976 (fax)

September 15, 2005

Ms. Cindy Liles Vice President & CEO Global Water Management, LLC 22601 North 19th Avenue, Suite 210 Phoenix, AZ 85027

RE: Wastewater Services

Please accept this letter as a request for service from Hassayampa Ranch Ventures, LLC for wastewater services to our property, more particularly described as Exhibit A attached hereto. It is our intention to continue to pursue the preliminary platting, rezoning and development of this development to serve single family residential homes.

Hassayampa Ranch Ventures, LLC would like to be included in your next available expansion of service areas.

Sincerely,

Hassayampa Ranch Ventures, LLC a Delaware limited liability company

By:

Troxler Residential Ventures XXIX, LLC By: a Delaware limited liability company its Managing Member

> By: Troxler Ventures Partners II, Inc. a California corporation its Operating Member

> > Bryan P. Troxler

President

### **EXHIBIT 3**

#### **EXHIBIT "A"**

#### PARCEL NO. 1:

ALL OF SECTION 15, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN COUNTY, ARIZONA.

#### PARCEL NO. 2:

THE EAST HALF OF THE NORTHEAST QUARTER, THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, THE WEST HALF AND THE SOUTHWEST QUARTER OF OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

#### PARCEL NO. 3

ALL OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN COUNTY, ARIZONA;

EXCEPT THE NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE SOUTH HALF OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST BY DEED DATED NOVEMBER 12, 1941 AND RECORDED AT BOOK 366 OF DEEDS, PAGE 563, RECORDS OF MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT:

AS TO THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST BY DEED DATED MARCH 3, 1939 AND RECORDED AT BOOK 331 OF DEEDS, PAGE 569, RECORDS OF MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST, BY DEED DATED MAY 11, 1949 AND RECORDED AT DOCKET 401, PAGE 326, RECORDS OF MARICOPA COUNTY, ARIZONA.

#### PARCEL NO. 4:

THE EAST HALF OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 5 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5 (BYU Parcel):

THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

### **EXHIBIT 4**

#### ARIZONA CORPORATION COMMISSION

#### APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

#### WATER AND/OR SEWER

#### A. The name, address and telephone number of the Applicant (Company) is:

Hassayampa Utilities Company, Inc. 22601 North 19<sup>th</sup> Avenue Suite 210 Phoenix, AZ 85027 623.580.9600

B. If doing business (d.b.a.) under a name other than the Applicant (Company) name listed above, specify:

N/A

C. List the name, address and telephone number of the management contact:

Cindy Liles, V.P. 22601 North 19<sup>th</sup> Avenue Suite 210 Phoenix, AZ 85027 623.580.9600

D. List the name, address and telephone number of the attorney for the Applicant:

Michael W. Patten, Esq. ROSHKA HEYMAN & DeWULF, PLC 400 East Van Buren Street, Suite 800 Phoenix, AZ 85004 602-256-6100

E. List the name, address and <u>telephone number</u> of the operator certified by the Arizona Department of Environmental Quality:

Clint Arndt (Operator ID 08128)
Wastewater Treatment Operator Level 3/Wastewater Collections Operator Level 2
22601 N. 19th Ave, Suite 210
Phoenix, AZ 85027
(623) 580-9600

F.	F. List the name, address and telephone number of the on-site manager of the utility:						
	Clint Arndt (Operator ID 08128) Wastewater Treatment Operator Level 3/Wastewater Collections Operator Level 2 22601 N. 19th Ave, Suite 210 Phoenix, AZ 85027 (623) 580-9600						
G.	The Applicant is a:						
_X_	Corporation:	Partnership					
<u>X</u>	. "C", "S", Non-Profit	Limited, General					
_ <u>X</u> _	Arizona, Foreign	Arizona, Foreign					
S	Sole Proprietorship	Limited Liability Company (LLC)					
	Other (Specify)						
Н.	If Applicant is a corporation:						
1.	List names of Officers and Directors:						
	Officers	Directors					
	Trevor T. Hill, President Cindy M. Liles, Secretary, Treasurer	Trevor T. Hill Cindy M. Liles					
2.	Attach a copy of the corporation's "Cer Corporation's Division of the Arizona Corpor	tificate of Good Standing" issued by the ation Commission.					
	See attachment H-2						
3.	Attach a copy of the Articles of Incorporation						
	See attachment H-3						
4.	Attach a copy of the corporation's By-Laws.						
	See attachment H-4						
5.	If a for-profit corporation, indicate the number	er of shares of stock authorized for issue:					
	10,000 common stock						

6. If stock has been issued, indicate the number of shares issued and date of issue:

None issued

- H. If the Applicant is a partnership:
- 1. List the names of the general partners:

N/A

2. List the name, address and telephone number of the managing partners:

N/A

3. Attach a copy of the Partnership's Articles of Partnership.

N/A

- If the Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" filed with the Arizona Secretary of State.
- J. If the Applicant is a sole proprietor, list the name, address and <u>telephone number</u> of the proprietor:

N/A

- K. If the Applicant is a Limited Liability Company:
- 1. List the names of managers:

N/A

L. List the names and addresses of any other public utility interest, which the applicant may have:

Applicant is a wholly owned subsidiary of Global Water Resources, Inc. Applicant's sister affiliates include: Cave Creek Water Company, Palo Verde Utilities Company, and Santa Cruz Water Company. Global Water Resources has also been appointed as Interim Manager for Sabrosa Water Company.

All companies are headquartered at 22601 North 19th Ave, Suite 210, Phoenix, Az 85027

M. Attach a description of the area requested using CADASTRAL (quarter section description) or Metes and Bounds survey. References to parcels and dockets will not be accepted.

See attachment M

N. Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors.

See attachment N

O. Attach financial information in a format similar to Attachment "C".

See attachment O

P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary):

The formation of the Utility will be financed by way of equity from the parent company (Global Water Resources) and by way of Advances in Aid of Construction (AIAC) from builders and developers installing in-parcel infrastructure. These advances will be repaid in accordance with the standard form Line Extension Agreement developed by HUC.

Q. Estimated starting and completion dates of construction of utility facilities:

Starting date June 2006, Completion July 2007

R. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form.

See attachment R

- S. Attach the following permits:
- 1. The franchise from either the City or County for the area requested.

To be late filed

2. The Arizona Department of Environmental Quality (or its designee's) approval to construct facilities.

Approval to Construct (ATC) is not required for Wastewater Treatment Facilities. ATC's for sewer mains will be obtained as part of the development process.

3. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)

N/A

4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.)

N/A

- 5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies.
  - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer.

	• If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.
	N/A
6.	Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district.
т.	Provide the following information:
1.	Indicate the estimated number of customers, by class, to be served in each of the first five years of operation:
	Residential:
	First Year 600 Second Year 1200 Third Year 1800 Fourth Year 2400 Fifth Year 3000
	Commercial:
	First Year <u>0</u> Second Year <u>0</u> Third Year <u>0</u> Fourth Year <u>0</u> Fifth Year <u>0</u>
	Industrial:
	First Year <u>0</u> Second Year <u>0</u> Third Year <u>0</u> Fourth Year <u>0</u> Fifth Year <u>0</u>
	<u>Irrigation:</u>
	First Year 1 Second Year 1 Third Year 1 Fourth Year 1 Fifth Year 1
2. each o	Indicate the projected annual water consumption or sewerage treatment, in gallons, for f the customer classes for each of the first five years of operation:
	Residential:
	First Year 25 MM Second Year 45 MM Third Year 60 MM Fourth Year 75 MM Fifth Year 90 M
	Commercial:
	First Year <u>0 M</u> Second Year <u>0 M</u> Third Year <u>0 M</u> Fourth Year <u>0 M</u> Fifth Year <u>0 M</u>
	Industrial: N/A
	First Year Fourth Year Fifth Year Fifth Year
	Irrigation: N/A

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
3.	Indicate the operation:	total estimated ann	nual operating r	evenue for each of	the first five years of
	See Attachmer	nt T-3			
	Residential:				
	First Year	Second	Year	Third Year	
	Fourth Year	Fifth Ye	ar		
	Commercial:				
	First Year	Second	Year	Third Year	<u> </u>
	Fourth Year	Fifth Ye	ar		
	Industrial:				
	First Year	Second	Year	Third Year	
	Fourth Year	Fifth Ye	ar		
	Irrigation:				
	First Year	Second	Year	Third Year	
	Fourth Year_	Fifth Ye	ar		
4.	Indicate the toperation:	otal estimated ann	ual operating ex	xpenses for each of	the first five years of
	See Attachmen	nt T-4			
	Residential:				
	First Year	Second	Year	Third Year	
	Fourth Year_	Fifth Ye	ar		
	Commercial:				
	First Year	Second	Year	Third Year	
	Fourth Year_	Fifth Ye	ar		<del></del>
	Industrial:				
	First Year	Second Second	Year	Third Year	
	Fourth Year	Fifth Ye	ar		
	Irrigation:				
	First Year	Second	Year	Third Year	
	Fourth Year_	Fifth Ye	ar		

5. Attach an itemized list of the major components of the water or sewer system (see

Attac	hment C-3).		
	See attachment T-5		
6.	Indicate the total estimated cost to cons	truct utility facilities:	
	\$16,000,000 (Equity + AIAC)		
(Signa	ature of Authorized Representative)		
(Type	e or Print Name Here)		
(Title	)		
SUBS	SCRIBED AND SWORN to before me this _	day of	, 20
NOT	ARY PUBLIC		
My C	Commission Expires		

### ATTACHMENT H-2





# STATE OF ARIZONA



### Office of the CORPORATION COMMISSION

#### CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

#### \*\*\*HASSAYAMPA UTILITY COMPANY, INC. \*\*\*

a domestic corporation organized under the laws of the State of Arizona, did incorporate on July 6, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 25th Day of August, 2005, A. D.

Executive Director

By

### ATTACHMENT H-3

JUL-06-05 DI:ESPM FROM-

AZ Corp. Commission

01259264

AZ CORPORATION COMMISSION

FILED

EXD,

JUL 0 6 2005

8.

FILE NO. 1214028-8

ARTICLES OF INCORPORATION

OF HASSAYAMPA UTILITY COMPANY, INC.

- NAME. The name of the corporation is: HASSAYAMPA UTILITY COMPANY, INC.
- 2 INITIAL BUSINESS. The purpose for which this Corporation is organized is the transaction of any of all lawful business for which Corporations may be incorporated under the laws of Arizona, as they may be amended from time to time.
- AUTHORIZED CAPITAL. The corporation shall have authority to issue 10,000 shares of Common Stock.
- KNOWN PLACE OF BUSINESS. The street address of the known place of business of the Corporation is:

22601 North 19th Avenue, Suite 210 Phoenix, AZ 85037

5. STATUTORY AGENT. The name and address of the Statutory Agent of the Corporation is:

Andrew Abraham, Esq. 702 East Osborn Road, Suite 200 Phoenix, AZ 85014

6. BOARD OF DIRECTORS. The initial board of directors shall consist of the names and addresses of the persons who are to serve as the directors until the first annual meeting of shareholders or until his/her successor is elected and qualifies is:

Trevor Hill 22601 North 19th Avenue, Suite 210 Phoenix, AZ 85037 Cindy Liles 22601 North 15th Avenue, Suite 210 Phoenix, AZ 85037

The number of persons to serve on the board of directors theresiter shall be fixed by the Bylaws.

 OFFICERS. The initial officer(s) of the Corporation who shall serve at the pleasure of the board of directors is (are):

INCORPORATOR. The name and address of the incorporator is:

Trevor Hill Cindy Liles

President Secretary and Treasurer

Add the first to t

Andrew Abraham 702 East Osborn Road, Suite 200 Phoenix, AZ 85014



JUL-26-05 DI-DEPM FACE-

1-416 7.804/025 F-614

12140288

All powers, duties and responsibilities of the incorporator(s) shall cease at the time of delivery of these Articles of incorporation to the Arizona Corporation Commission.

- 9. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS. The Corporation shall indemnify any person who in good faith incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.
- 10. LIMITATION OF LIABILITY. To the fullest extent permitted by the Arizona Revised Statutes as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action in good faith as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or crission of a director of the Corporation occurring prior to such repeat, amendment or modification.

EXECUTED this 5 day of July, 2005 by the Incorporator.

Signed: Culture Andrew Abraham

Phona: (602) 234-9917 Fax: (602) 234-0341

Acceptance of Appointment By Statutory Agent

The undersigned hereby acknowledges and accepts the appointment as statutory agent of the above-named corporation effective this 3 day of July, 2005.

Signed: Andrew Abraham, Esq.

## ATTACHMENT H-4

## BYLAWS OF HASSAYAMPA UTILITY COMPANY, INC.

#### **ARTICLE I**

#### **Meetings of Shareholders**

- 1. <u>ANNUAL MEETINGS</u>. A meeting of the shareholders shall be held annually at any time during the last month of the fiscal year of the corporation at such place, within or without the State of Arizona, as the Board of Directors may determine for the purpose of electing directors and for the transaction of any other business that may properly come before it.
- 2. <u>NOTICE</u>. Notice of the annual meeting shall be mailed to the last known address of each shareholder as the same appears on the records of the corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting.
- 3. ORGANIZATION. The President or, in his/her absence, the Vice-President or, in the absence of both, a chairman appointed by the shareholders present, shall call meetings of shareholders to order and shall act as chairman thereof. The Secretary of the corporation shall act as secretary at all meetings of the shareholders or, in his/her absence, the presiding officer may appoint any person to act as secretary.
- 4. QUORUM. A majority of the shares issued and outstanding represented by the holders thereof, either in person or by proxy appointed by an instrument in writing subscribed by such shareholder, shall be a quorum at all meetings of shareholders. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares is required by law, the Articles of Incorporation, or by specific provisions of these Bylaws.
- 5. ADJOURNMENT. At any annual or special meeting a majority of the votes entitled to be cast, either in person or by proxy at the time of such meeting, may adjourn the meeting from time to time without further notice, and, thereupon, any business may be transacted which might have been transacted at the meeting as originally called. If after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.
- 6. **SPECIAL ANNUAL MEETING.** Whenever for any cause, an annual meeting of shareholders be not held on the day provided, a special meeting may be called by the directors in the

manner as is prescribed for the holding of annual meetings of shareholders, at which special annual meeting directors shall be elected.

- 7. **VOTING.** At all meetings of the shareholders, every shareholder, either in person or by proxy in writing, shall have one (1) vote for each share so held and represented at such meeting. Upon the demand of any shareholder, voting for directors and upon other questions at any meeting of the shareholders shall be by ballot. In all elections for directors of the corporation, each shareholder shall have the right to cast as many votes in the aggregate as he shall be entitled to vote based upon the number of voting shares held by such shareholder multiplied by the number of directors to be elected at such election; each shareholder may cast the whole number of votes, either in person or by proxy, for one (1) candidate or distribute such votes among two (2) or more such candidates.
- 8. **SPECIAL MEETINGS.** Special meetings of the shareholders for any purpose or purposes shall be held whenever called by the Board of Directors, either by written instrument or by the vote of a majority, and shall be called whenever shareholders owning one-fourth (1/4) of the shares issued and outstanding shall in writing make application therefor to the President, stating the object of such meeting.
- 9. <u>NOTICE OF SPECIAL MEETINGS</u>. Notice of each special meeting of shareholders, stating the time and, in general terms, the purpose or purposes thereof, shall be mailed to shareholders not less than ten (10) nor more than thirty (30) days prior to such meeting in the same manner prescribed for giving notice of annual meetings.
- 10. ACTION BY RESOLUTION. A resolution, in writing, signed by all of the shareholders shall be deemed to be the action of the shareholders to the effect therein expressed with the same force and effect as if the same had been duly passed by the same vote at a duly convened meeting, and it shall be the duty of the Secretary of the corporation under to record such resolution in the minute book of the corporation under its proper date.
- 11. **INSPECTORS.** At all elections of directors, the polls shall be opened and closed, the proxies shall be received and be taken in charge, all questions touching the qualifications of votes, the validity of proxies and the acceptance or rejection of votes shall be decided, and all ballots shall be received and counted by two (2) inspectors, who shall be appointed by the presiding officer of the meeting, and who shall, in writing, certify to the returns.
- 12. <u>WAIVER</u>. Attendance of a shareholder at a meeting shall constitute waiver of a notice of such meeting, except when such attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any shareholder may waiver notice of any annual or special meeting of shareholders by executing a written notice of waiver either before or after the time of the meeting.

#### ARTICLE II

#### **Board of Directors**

- 1. <u>NUMBER</u>. The business and affairs of the corporation shall be managed and controlled by a Board of Directors. The First Board of Directors shall consist of the persons named in the Articles of Incorporation. Thereafter, the Board shall consist of not less than one(1) nor more than five (5) members. The number of directors may be changed by the affirmative vote of a majority of the issued and outstanding shares of the corporation. The directors shall be elected at the annual meeting of the shareholders, and each director elected shall hold office until his/her successor is elected and qualified. Directors need not be shareholders of the corporation.
- 2. <u>ANNUAL MEETING</u>. Immediately after the annual election of directors, the newly elected directors shall meet, without further notice, for the purpose of organization, the election of officers and for the transaction of other business.
- 3. <u>SPECIAL MEETINGS</u>. Special meetings of the Board of Directors shall be held whenever regularly called. Unless otherwise specified in the notice thereof, any and all business may be transacted at a special meeting.
- 4. **NOTICE.** The Secretary shall give notice to each director of each special meeting at least two (2) days before the time of meeting.
- 5. **PLACE OF MEETING.** The directors shall hold their meetings and may have an office and keep the books of the corporation at such place or places, within or without the state, as the Board, from time to time, may determine.
- 6. **QUORUM.** A majority of the number of Directors in office shall constitute a quorum for the transaction of business, but a majority of those present at the time and place of any regular or special meeting may adjourn, from time to time, without notice. The vote of a majority of the directors present at any meeting in favor of or against any proposition shall prevail, except as herein otherwise provided.
- 7. VACANCIES. In case of any vacancy among the directors through death, resignation, disqualification or other cause, the remaining directors, by affirmative vote of a majority thereof may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of and qualification of his successor. No director who has submitted his or her resignation from the Board of Directors effective at a future time shall be permitted to vote upon the filling of any vacancy or vacancies on the Board of Directors, including the vacancy to be created by his or her resignation.

- 8. **COMMITTEES.** From time to time, the Board may appoint committees for any purpose or purposes, which shall have such powers as shall be specified in the resolution of appointment.
- 9. <u>COMPENSATION</u>. The directors and officers of the corporation and all members of committees shall serve without salary except as may be determined by the vote of a majority of all the directors.
- 10. <u>ACTION BY RESOLUTION</u>. A resolution in writing, signed by all the members of the Board of Directors, shall be deemed to be action by such Board to the effect therein expressed, with the same force and effect as if the same had been duly passed by the same vote at a duly convened meeting, and it shall be the duty of the Secretary of the corporation to record such resolution in the minute book of the corporation under its proper date.
- 11. <u>WAIVER</u>. Attendance of a director at a meeting shall constitute waiver of notice of such meeting, except when such attendance is for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Any director may waive notice of any annual or special meeting of the Board of Directors by executing a written notice of waiver either before or after the time of the meeting.

#### **ARTICLE III**

#### **Officers**

- 1. **EXECUTIVE.** The officers of the corporation may consist of a President, Vice-President, Secretary, Treasurer, and such other officers as the Board of Directors may elect. Any two (2) or more offices may be consolidated and held by one (1) person.
- 2. **TENURE OF OFFICE.** All officers and agents shall be subject to removal at any time, with or without cause, by the affirmative vote of a majority of the whole Board.
- 3. PRESIDENT. The President shall be the chief executive officer of the corporation. He/She shall preside at all meetings of the shareholders and of the Board of Directors, unless a chairman of the Board of Directors has been elected and is present. He/She shall sign and execute all authorized bonds, contracts or other obligations in the name of the corporation, and, with the Secretary, shall sign all certificates of stock of the corporation, and shall do and perform such other duties as, from time to time, may be assigned to him by the Board.
- 4. <u>VICE-PRESIDENT</u>. The Vice-President shall perform such duties as the Board of Directors shall, from time to time, assign to him/her. In case of the absence or disability of the President, the duties of that office shall be performed by the Vice-President, except as specially

limited by a vote of the Board of Directors. In case of the permanent absence or disability of the President, the office shall be declared vacant by the Board of Directors and a successor chosen.

- 5. **SECRETARY.** The Secretary shall keep the minutes of all proceedings of the Board and the minutes of all meetings of the shareholders; shall attend the giving and serving of all notices for the corporation; when directed by either the President or Vice-President, shall sign in the name of the corporation all contracts authorized by the Board; shall have charge of the certificate books and such other books and papers as the Board may direct; shall sign, with the President or Vice-President, certificates of stock; and shall in general perform all the duties incident to the office of the Secretary, subject to the control of the Board.
- 6. **TREASURER.** The Treasurer shall have custody of all the securities of the corporation. He/she shall supervise the collection and deposit of amounts due to the corporation. He/she shall also supervise the disbursement of funds by the corporation and the maintenance of full and accurate accounting records for the corporation.

#### **ARTICLE IV**

#### Indemnification

INDEMNIFICATION OF OFFICERS, EMPLOYEES AND AGENTS. Subject to the further provisions hereof, the corporation shall indemnify any and all of its existing and former officers, employees and agents against all expenses incurred by them and each of them, including but not limited to legal fees, judgments, penalties, and amounts paid in settlement or compromise, which may arise or be incurred, rendered, or levied in any legal action brought or threatened against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of employment as an officer, employee or agent of the corporation, whether or not any action is or has been filed against them and whether or not any settlement or compromise is approved by a court. Indemnification shall be made by the corporation whether the legal action brought or threatened is by or in the right of the corporation or by any other person. Whenever any existing or former officer, employee or agent shall report to the President of the corporation or the chairman of the Board of Directors that he or she has incurred or may incur expense, including, but not limited to, legal fees, judgments, penalties, and amounts paid in settlement or compromise in a legal action brought or threatened against him or her for or on account of any action or omission alleged to have been committed by him or her while acting in the scope of his or her employment as an officer, employee or agent of the corporation, the Board of Directors shall, at its next regular or at a special meeting held within a reasonable time thereafter, determine in good faith whether, in regard to the matter involved in the action or contemplated action, such person acted, failed to act, or refused to act willfully or with gross negligence or with fraudulent or criminal intent. If the Board of Directors determines in good faith that such person did not act, fail to act, or refuse to act willfully or with gross negligence or with fraudulent or criminal action, indemnification shall be mandatory and shall be automatically extended as specified herein, provided, however, that no such

indemnification shall be available with respect to liabilities under the Securities Act of 1933, and, provided further, that the corporation shall have the right to refuse indemnification in any instance in which the person to whom the indemnification would otherwise have been applicable shall have unreasonably refused to permit the corporation, at its own expense and through counsel of its own choosing, to defend him or her in the action.

- 2. SAVINGS CLAUSE. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of the shareholders or disinterested directors or otherwise, or of any other indemnification which may be granted to any person apart from this Article, both as to action in his/her official capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.
- 3. MAINTENANCE OF INSURANCE. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

#### ARTICLE V

#### Capital Stock

- 1. <u>CERTIFICATES</u>. The certificates of shares of the corporation shall be in such form as shall be approved by the Board of Directors. The certificates shall be signed by the President and the Secretary.
- 2. **TO BE ENTERED.** All certificates shall be consecutively numbered, and the names of the owner(s), the number of shares and the date of issue shall be entered into the corporation's books.
- 3. LOST CERTIFICATES. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his/her/its legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that

may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

- 4. **CERTIFICATES CANCELED.** Except in the case of lost or destroyed certificates, and in that case after compliance with the provisions of these Bylaws relating to lost certificates, no new certificate shall be issued until the former certificate for the shares represented thereby shall have been surrendered and canceled.
- 5. **TRANSFER.** Shares shall be transferred only on the books of the corporation by the holder thereof in person or by his attorneys, upon the surrender and cancellation of certificates for a like number of shares.
- 6. **RECORD DATE.** In order to determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of shares, or for purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than seventy (70) nor less than ten (10) days before the date of such meeting, nor more than seventy (70) days prior to any other action. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.
- 7. **REGISTERED SHAREHOLDERS.** The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.
- 8. **REGULATIONS.** The Board may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates of stock of the corporation.

#### ARTICLE VI

#### **Dividends**

1. **<u>DIVIDENDS</u>**. The Board, in its discretion, from time to time, may declare dividends upon the shares from the earned surplus or net profits of the corporation, and may fix the dates for the declaration and payment of dividends.

#### **ARTICLE VII**

#### Seal

1. <u>DESIGN</u>. A corporate seal shall not be requisite to the validity of any instrument executed by or on behalf of the corporation, but if a corporate seal be used, the same shall have inscribed thereon the name of the corporation. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced, which seal shall be in charge of the Secretary to be used as directed by the Board.

#### **ARTICLE VIII**

#### **Amendments**

1. <u>AMENDMENTS</u>. These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted by the shareholders or by the Board of Directors at any meeting, provided that notice of the proposed change is contained in the notice of such meeting.

### ATTACHMENT M

#### **ATTACHMENT "B"**

MARICOPA					e	SEE BELOW						2 N						5W						
	COUNTY						SECTION TOWNSHIP								RANGE									
Г	Т	_	Τ	Γ	Т	Г	F	Т	T	1	T	r-	T	Т	<u> </u>			Г						
$\vdash$	$\vdash$	$\vdash$	$\vdash$	H	╁	-	$\vdash$	1	T	$\vdash$	<del>                                     </del>	$\vdash$	$\vdash$	$\vdash$	-	一	1	-						
	6				5				4				3				2				1			
L																								
	_	_	_	_	igspace	_	_		-	_	_				_	_	<u> </u>			_	_			
-	7		-	<b> </b> -	8	-	-		9	-		_	1	0	_		1	1		-	1	2		
$\vdash$	ŀ		-	<b> </b>	<del>ا</del>	-	-	_	<del> -</del>	-		_	-	Ľ	_	$\vdash$		-		_	<u> </u>			
_	1	8			1	7		<u> </u>	1	6		_	1	5			1	4			1	3		
$\vdash$						_		-															_	
$\vdash$	-				-	<del> </del>	-	-	-	-						·'					-		$\dashv$	
一	1	9			2	0		-	2	1	$\vdash$		2	2		Н	2	3		-	2	4	$\dashv$	
																							$\dashv$	
<u> </u>																								
<u> </u>	3	0			2	9			2	8	$\vdash$		2	7			2	6			2	5	4	
-																					-	_	4	
-				Н						_													4	
-	3	1		$\vdash$	3	2			3	3			3	4			3	5			3	6	ᅱ	
				$\vdash$																		$\dashv$	一	

#### Type or Print Description Here:

SEE ATTACHED	- 2080 ACRES, MORE OR LESS
"HUSSUYAMPA	RANCH"

#### **EXHIBIT "A"**

#### PARCEL NO. 1:

ALL OF SECTION 15, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN COUNTY, ARIZONA.

#### PARCEL NO. 2:

THE EAST HALF OF THE NORTHEAST QUARTER, THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER, THE WEST HALF AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

#### PARCEL NO. 3

ALL OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN COUNTY, ARIZONA;

EXCEPT THE NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE SOUTH HALF OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST BY DEED DATED NOVEMBER 12, 1941 AND RECORDED AT BOOK 366 OF DEEDS, PAGE 563, RECORDS OF MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST BY DEED DATED MARCH 3, 1939 AND RECORDED AT BOOK 331 OF DEEDS, PAGE 569, RECORDS OF MARICOPA COUNTY, ARIZONA; AND

EXCEPT ALL THE MINERAL INTEREST RESERVED TO THE STATE OF ARIZONA IN AND TO THE FOLLOWING LAND BY THE FOLLOWING INSTRUMENT;

AS TO THE NORTHWEST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH, RANGE 5 WEST, BY DEED DATED MAY 11, 1949 AND RECORDED AT DOCKET 401, PAGE 326, RECORDS OF MARICOPA COUNTY, ARIZONA.

#### PARCEL NO. 4:

THE EAST HALF OF SECTION 17, TOWNSHIP 2 NORTH, RANGE 5 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, RECORDS OF MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5 (BYU Parce1):

THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 16, TOWNSHIP 2 NORTH RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

## ATTACHMENT N

#### **ATTACHMENT "B"**

			.cì NT:	 Pα			Se Sec	101	V N					2 N WN:		P		5	5 <b>∨</b>		IGE	
Г				_	Γ								<del></del>		_	Γ	Γ_	Γ	_		<u> </u>	
											-						<del> </del>		-			
	6			5				4				3				2				1		
L					<u> </u>											<u> </u>	_					
-											_	$\vdash$					_			-		
	7			8				9				1	0			1	1			1	2	
-									///	///	//				_							
	1	8		1	7/			1	16/			1	5			1	4			1	3	
					1/				///	11												
-											4	/										
-	1	9		2	0			2	1		//	1/2	2			2	3			2	4	$\vdash$
						$\vdash$						//	//									
<u> </u>	3	_		2	9			2	0			2	7			2	-			2	E	
-	3	0		2	9			2	8	$\vdash$		2	<b>'</b>				6	_			5	
H																						$\dashv$
																						$\neg$
	3	1		3	2			3	3			3	4			3	5			3	6	
							- 11															

Type or Print Description Here:

	HUC CC&N
VII	Water Utility of Greater Tonopah, Inc.
	Docket No. W-2450-04-837 Application
	for Extension

## Hassayapa Utilitics Company Inc. Water Utility of Greater Tonapah (W-2450-04-837) Proposed CC&N Wastewater Service Area MAG 208 Plan Amendmant T2N R5W Sections **Legend**

Attachement N

## ATTACHMENT O

## ATTACHMENT R

## **ATTACHMENT**

T-3

T-4

T-5

ATTACHMENT C

PROFORMA BALANCE SHEET (SEWER)

Page 1

Hassayampa Utilities Company with \$52 Rates / 600 Customers

ASSETS Current Assets		Year 1		Year 2		Year 3		Year 4		Year 5	
Cash	↔	475,505	₩	686,539	↔	1,541,532	↔	2,557,701	↔	3,700,849	
Accounts Receivable		0		0		0		0		0	
Other		0		0		0		0		0	
Total Current Assets	↔	475,505	€	686,539	€	1,541,532	₩	2,557,701	↔	3,700,849	
Fixed Assets Utility Plant	↔	10,989,250	↔	12,041,250	↔	13,557,750	↔	14,215,250	↔	15,231,750	
(Less) Accumulated Depreciation		(130,377)		(429,348)		(783,829)		(1,188,546)		(1,637,749)	
Net Plant in Service	₩	10,858,873	↔	11,611,902	↔	12,773,921	↔	13,026,704	↔	13,594,001	
Total Assets	<del>s</del>	\$ 11,334,378	S	12,298,441	↔	14,315,453	છ	15,584,405	↔	17,294,850	
LIABILITIES AND CAPITAL											
Current and Accrued Liabilities											
Accounts Payable		0		0		0		0		0	
Notes Payable		0		0		0		0		0	
Accrued Taxes		0		0		0		0		0	

CCNEW.DOC 04/00

Total Current and Accred Liabilities

0

0

0

0

Accrued Interest

Other

# PROFORMA BALANCE SHEET (SEWER)

Hassayampa Utilities Company with \$52 Rates / 600 Customers

Year 1 Year 2	Advances in Aid of Construction \$ 4,315,500 \$ 4,315,500	Contribution in Aid of Construction, Net of Amortizatic	Accumulated Deferred Income Tax	\$ 4,315,500 \$ 4,315,500	7,150,000 7,150,000	0	0	(193,522) (232,709)	\$ 6,956,478 \$ 6,917,291	TOTAL LIABILITIES AND CAPITAL \$ 11,271,978 \$ 11,232,791
<u>Year 3</u>	00 \$ 5,318,750	•	1	00 \$ 5,318,750	00 7,150,000	0	0	(8,447)	91 \$ 7,141,553	91 \$ 12,460,303
Year 4	\$ 8,022,930	•	,	\$ 8,022,930	7,150,000	0	0	349,075	\$ 7,499,075	\$ 15,522,005
Year 5	\$ 9,255,920			\$ 9,255,920	7,150,000	0		826,530	\$ 7,976,530	\$ 17,232,450

PROFORMA INCOME STATEMENT (SEWER)
Hassayampa Utilities Company with \$52 Rates / 600 Customers

Year Two         Year Three           205,200         \$ 579,600         \$ 954,000           17,000         \$ 648,509         \$ 48,849           18,030         \$ 648,509         \$ 1,056,849           18,030         \$ 648,509         \$ 1,056,849           20,650         \$ 648,509         \$ 1,056,849           20,000         \$ 61,949         \$ 1,056,849           42,900         \$ 6,000         2,000           2,000         \$ 6,000         2,122           2,000         \$ 6,000         2,122           2,000         \$ 6,000         2,122           2,000         \$ 6,000         12,000           4,000         4,120         4,244           1,000         4,120         4,244           1,000         5,000         5,000           10,000         5,000         5,000           10,818         32,436         5,408           5,000         5,000         5,000           10,000         5,150         5,005           15,000         15,914         5,005           10,000         12,000         3,183           3,000         3,090         3,183           3,000 <t< th=""><th>\$ Tobs. 205.200 \$ 579,600 \$ 954,000   \$ 17,000 \$ 579,600 \$ 954,000   \$ 18,000 \$ 17,000 \$ 84,849   \$ 240,230 \$ 61,949 \$ 103,248   \$ 20,650 \$ 61,949 \$ 103,248   \$ 130,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 12,000   \$ 2,000 \$ 12,000 \$ 19,000   \$ 3,000 \$ 3,000 \$ 3,183   \$ 3,000 \$ 3,090 \$ 3,183   \$ 3,000 \$ 15,000 \$ 15,000 \$ 15,914   \$ 4,800 \$ 4,341,127 \$ 12,837 \$ 36,696 \$ \$ 6,000 \$ 50 \$ 50 \$ \$ 13,532 \$ 21,387 \$ 36,696 \$ \$ 17,431 \$ 37,508 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,4</th><th>Year Four Year Five</th><th>1,328,400 \$ 1,720,800 118,788 152,727 18,000 18,000</th><th>1,465,188 \$ 1,891,527</th><th>144,547 \$ 185,846</th><th></th><th></th><th></th><th></th><th></th><th>_</th><th></th><th>.,</th><th></th><th></th><th>0,</th><th></th><th></th><th>13,113 16,883</th><th>3,278 3,377</th><th></th><th>404,717 449,203</th><th></th><th>16,391 16,883</th><th></th><th>16,000 18,000</th><th>134,227 300,145</th><th>58,961 80,225</th><th>1,141,087 \$ 1,457,</th><th>324,101 \$</th><th>33 421 61 488</th><th></th></t<>	\$ Tobs. 205.200 \$ 579,600 \$ 954,000   \$ 17,000 \$ 579,600 \$ 954,000   \$ 18,000 \$ 17,000 \$ 84,849   \$ 240,230 \$ 61,949 \$ 103,248   \$ 20,650 \$ 61,949 \$ 103,248   \$ 130,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 2,122   \$ 2,000 \$ 2,000 \$ 12,000   \$ 2,000 \$ 12,000 \$ 19,000   \$ 3,000 \$ 3,000 \$ 3,183   \$ 3,000 \$ 3,090 \$ 3,183   \$ 3,000 \$ 15,000 \$ 15,000 \$ 15,914   \$ 4,800 \$ 4,341,127 \$ 12,837 \$ 36,696 \$ \$ 6,000 \$ 50 \$ 50 \$ \$ 13,532 \$ 21,387 \$ 36,696 \$ \$ 17,431 \$ 37,508 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,431 \$ 17,431 \$ \$ 17,4	Year Four Year Five	1,328,400 \$ 1,720,800 118,788 152,727 18,000 18,000	1,465,188 \$ 1,891,527	144,547 \$ 185,846						_		.,			0,			13,113 16,883	3,278 3,377		404,717 449,203		16,391 16,883		16,000 18,000	134,227 300,145	58,961 80,225	1,141,087 \$ 1,457,	324,101 \$	33 421 61 488	
205,200 \$ 57 17,000 \$ 57 18,030 \$ 64 240,230 \$ 64 2,000 \$ 13,000 1,000 \$ 13,000 1,000 \$ 1000 1,000 \$ 1000 1,000 \$ 13,000 1,000 \$ 13,000 1,000 \$ 13,532 \$ 64 4,800 \$ 13,532 \$ 64 4,800 \$ 13,532 \$ 66 1,000 \$ 13,532 \$ 66 1,000 \$ 13,532 \$ 66 1,000 \$ 13,532 \$ 66 1,000 \$ 13,532 \$ 66	\$ 205,200 \$ 57 17,000 \$ 57 18,030 \$ 64 18,030 \$ 64 130,000 \$ 6,000 2,000 \$ 6,000 4,000 \$ 1,000 1,000 \$ 1,000 1,000 \$ 3,000 3,000 \$ 3,000 1,000 \$ 1,000 1,000	Year Three	O5			137,917	45,513	5.000	2,122	2,122	12,000	000'9	19,000	4,244	5,000	54,036	6,365	•	9,548	3,183	3,183	354,481	5,305	15,914	5,092	14,000	20	36,696	850,018	206,831	17.431	
802 8, 7, 18 10, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0, 0	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Year Two	u)			133,900	44,187	5,000	2,060	2,060	000'6	5,000	16,000	4,120	3,000	32,436	6,180	•	6,180	3,090	3,090	298,970	5,150	15,450	4,944	12,000	20	21,387			7.508	}
	φ φ φ	<u>ar One</u>	205,200 17,000 18,030	240,230	20,650	130,000	42,900	5.000	2,000	2,000	9'000'9	4,000	12,000	4,000	1,000	10,818	000'9	•	3,000	3,000	3,000	130,377	2,000	15,000	4,800	10,000	20	13,532	434,127	(193,897)	375	)

#### CS-4 PROFORMA UTILITY PLANT IN SERVICE (SEWER) FIRST YEAR

#### Hassayampa Utilities Company with \$52 Rates / 600 Customers

Page 1

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises		-	
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	5,828	344,173
Power Generation Equipment	200,000	5,000	195,000
Collection sewers -Force	939,000	9,390	929,610
Collection Sewers - Gravity (AIAC)	1,872,250	18,723	1,853,528
Special Collecting Structures	-	_	
Services to customers / Residential	-	-	-
Services to customers - None Residential		-	-
Flow measuring Devices	• -	-	-
Flow measuring Installations	-	-	-
Reuse Services '	. •	-	-
Reuse Meters and Meter Install	15,000	625	14,375
Receiving Wells	•	_	-
Pumping Equipment	720,000	45,000	675,000
Reuse Distribution Reservoirs	150,000	1,875	148,125
Reuse Transmission and Distrib	1,023,000	12,788	1,010,213
Treatment and Disposal Equipment*	5,000,000	13,180	4,986,820
Plant Sewers	•	<u> </u>	-
Outfall Sewer Lines	300,000	4,995	295,005
Other Plant and Miscellaneous	-		-
Office Furniture and Equipment	15,000	500	14,500
Transportation Equipment	30,000	3,000	27,000
Stores Equipment	5,000	100	4,900
Tools, Shop and Garage Equipme	15,000	375	14,625
Laboratory Equipment	40,000	2,000	38,000
Power Operated Equipment	40,000	1,000	39,000
Communication Equipment	120,000	6,000	114,000
Miscellaneous Equipment	_	-	•
Other Tangible Plant			-
TOTAL PLANT IN SERVICE	\$ 10,989,250	\$ 130,377	\$ 10,858,873

## CS-4 PROFORMA UTILITY PLANT IN SERVICE (SEWER) SECOND YEAR

Hassayampa Utilities Company with \$52 Rates / 600 Customers

Page 2

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises	<u>-</u>	-	
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	17,483	332,518
Power Generation Equipment	200,000	15,000	185,000
Collection sewers -Force	1,064,000	29,420	1,034,580
Collection Sewers - Gravity (AIAC)	2,594,250	63,388	2,530,863
Special Collecting Structures	<u> </u>	-	_
Services to customers / Residential		•	_
Services to customers - None Residential	-		_
Flow measuring Devices			
Flow measuring Installations			
Reuse Services '	-	•	
Reuse Meters and Meter Install	15,000	1,874	13,126
Receiving Wells		-	•
Pumping Equipment	720,000	135,000	585,000
Reuse Distribution Reservoirs	150,000	5,625	144,375
Reuse Transmission and Distrib	1,023,000	38,363	984,638
Treatment and Disposal Equipment*	5,000,000	65,855	4,934,145
Plant Sewers	-		-
Outfall Sewer Lines	500,000	18,315	481,685
Other Plant and Miscellaneous		-	-
Office Furniture and Equipment	15,000	1,501	13,499
Transportation Equipment	30,000	9,000	21,000
Stores Equipment	10,000	400	9,600
Tools, Shop and Garage Equipme	15,000	1,125	13,875
Laboratory Equipment	40,000	6,000	34,000
Power Operated Equipment	40,000	3,000	37,000
Communication Equipment	120,000	18,000	102,000
Miscellaneous Equipment		•	_
Other Tangible Plant	-		
Totals	\$ 12,041,250	\$ 429,348	\$ 11,611,902

## CS-4 PROFORMA UTILITY PLANT IN SERVICE (SEWER) THIRD YEAR

Page 3

#### Hassayampa Utilities Company with \$52 Rates / 600 Customers

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization Franchises Land and Land Rights Structures and Improvements Power Generation Equipment Collection sewers -Force Collection Sewers - Gravity (AIAC) Special Collecting Structures Services to customers / Residential Services to customers - None Residential Flow measuring Devices Flow measuring Installations Reuse Services ' Reuse Meters and Meter Install Receiving Wells Pumping Equipment	\$ 25,000	\$ - - 29,138 25,000 51,950 124,138 - - - - - 3,124 - 225,000	\$ 25,000 
Reuse Distribution Reservoirs	150,000	9,375	140,625
Reuse Transmission and Distrib	1,323,000	67,688	1,255,313
Treatment and Disposal Equipment*	5,000,000	144,846	4,855,154
Plant Sewers	700,000	38,295	661,705
Outfall Sewer Lines	700,000	30,293	001,703
Other Plant and Miscellaneous Office Furniture and Equipment	15,000	2,501	12,499
Transportation Equipment	30,000	15,000	15,000
Stores Equipment	15,000	900	14,100
Tools, Shop and Garage Equipme	15,000	1,875	13,125
Laboratory Equipment	40,000	10,000	30,000
Power Operated Equipment	40,000	5,000	35,000
Communication Equipment	120,000	30,000	90,000
Miscellaneous Equipment	•	_	-
Other Tangible Plant	_		-
TOTAL PLANT IN SERVICE	\$ 13,557,750	\$ 783,829	\$ 12,773,921

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
FOURTH YEAR

Page 4

#### Hassayampa Utilities Company with \$52 Rates / 600 Customers

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$	\$ 25,000
Franchises	0	•	
Land and Land Rights	130,000	_	130,000
Structures and Improvements	350,000	40,793	309,208
Power Generation Equipment	200,000	35,000	165,000
Collection sewers -Force	1,189,000	75,730	1,113,270
Collection Sewers - Gravity (AIAC)	4,133,250	200,278	3,932,973
Special Collecting Structures	•		
Services to customers / Residential	-		
Services to customers - None Residential	-		
Flow measuring Devices			
Flow measuring Installations	-	_	-
Reuse Services '	-		-
Reuse Meters and Meter Install	15,000	4,373	10,627
Receiving Wells	-	-	
Pumping Equipment	720,000	315,000	405,000
Reuse Distribution Reservoirs	150,000	13,125	136,875
Reuse Transmission and Distrib	1,323,000	100,763	1,222,238
Treatment and Disposal Equipment*	5,000,000	250,154	4,749,846
Plant Sewers	-	-	_
Outfall Sewer Lines	700,000	61,605	638,395
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	15,000	3,502	11,498
Transportation Equipment	30,000	21,000	9,000
Stores Equipment	20,000	1,600	18,400
Tools, Shop and Garage Equipme	15,000	2,625	12,375
Laboratory Equipment	40,000	14,000	26,000
Power Operated Equipment	40,000	7,000	33,000
Communication Equipment	120,000	42,000	78,000
Miscellaneous Equipment	-		-
Other Tangible Plant	-		-
TOTAL PLANT IN SERVICE	\$ 14,215,250	\$ 1,188,546	\$ 13,026,704

## CS-4 PROFORMA UTILITY PLANT IN SERVICE (SEWER) FIFTH YEAR

Hassayampa Utilities Company with \$52 Rates / 600 Customers

Page 5

PLANT		RIGINAL COST	CCUM DEPRC		IG. COST LESS EPREC.
Organization	\$	25,000	\$ -	\$	25,000
Franchises		0			-
Land and Land Rights	_	130,000	-		130,000
Structures and Improvements		350,000	 52,448		297,553
Power Generation Equipment		200,000	45,000		155,000
Collection sewers -Force	1	,189,000	99,510		1,089,490
Collection Sewers - Gravity (AIAC)		1,944,750	291,058		4,653,693
Special Collecting Structures					-
Services to customers / Residential		-	-		-
Services to customers - None Residential			 •		-
Flow measuring Devices		-			<u>-</u>
Flow measuring Installations					
Reuse Services '		<u> </u>	 		
Reuse Meters and Meter Install		15,000	 5,623		9,377
Receiving Wells			 -		
Pumping Equipment		720,000	 405,000		315,000
Reuse Distribution Reservoirs		150,000	 16,875		133,125
Reuse Transmission and Distrib		,323,000	 133,838		1,189,163
Treatment and Disposal Equipment*	5	5,000,000	 381,776		4,618,224
Plant Sewers			 <u>-</u>		
Outfall Sewer Lines		900,000	 88,245		811,755
Other Plant and Miscellaneous			 		-
Office Furniture and Equipment		15,000	 4,502		10,498
Transportation Equipment		30,000	27,000		3,000
Stores Equipment		25,000	 2,500		22,500
Tools, Shop and Garage Equipme		15,000	 3,375		11,625
Laboratory Equipment		40,000	 18,000		22,000
Power Operated Equipment		40,000	 9,000		31,000
Communication Equipment		120,000	54,000		66,000
Miscellaneous Equipment			 		-
Other Tangible Plant		-	 		-
TOTAL PLANT IN SERVICE	\$ 15	5,231,750	\$ 1,637,749	\$ 1	3,594,001

#### CW-4 ATTACHMENT "D" SEWER TARIFF SCHEDULE

UTILITY: Hassayampa Utility Company with \$52 Rates / 600 Customers

**RATES AND CHARGES** 

RESIDENTIAL AND COMMERCIAL

#### **FLAT RATE**

THE OTHER PROPERTY.	<u>'' \                                  </u>		
<b>BASED ON WATER METER SIZE</b>	E		
5/8 x 3/4 And	\$	52.00	PER MONTH
3/4	\$	52.00	PER MONTH
1	\$	130.00	PER MONTH
1 1/2	\$	260.00	PER MONTH
2	\$	416.00	PER MONTH
3	\$	832.00	PER MONTH
4	\$	1,300.00	PER MONTH
6	\$	2,600.00	PER MONTH

#### **BASED ON WATER USAGE**

RESIDENTIAL MINIMUM	N/A	FOR	N/A	GALLONS
EXCESS OF MINIMUM	N/A	FOR	N/A	GALLONS
COMMERCIAL MINIMUM	N/A	FOR	N/A	GALLONS
EXCESS OF MINIMUM	N/A	- FOR	N/A	GALLONS

#### EFFLUENT SALES: (if applicable)

\$ 400.00 PER ACRE FOOT (FOR GENERAL IRRIGATION)

1.23 PER 1,000 GALLONS (FOR GENERAL IRRIGATION)

#### SERVICE LINE CONNECTION CHARGE

(TO BE CONTRIBUTED BY BUILDER)

#### **SERVICE CHARGES:**

1.	ESTABLISHMENT (R14-2-603.D.1)	\$ 30.00
2.	RECONNECTION / DELINQUENT (R14-2-603.D.1)	\$ 50.00
3.	DEPOSIT (R14-2-603.B.3)	per rule
4.	DEPOSIT INTEREST (R14-2-608.E.1)	% per rule
5.	REESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)
6.	NSF CHECK (R14-2-608.E.1)	\$ 35.00
7.	LATE PAYMENT PENALTY (R14-2-608.F.1)	1.50% Per Month
	DEFERRED PAYMENT PLAN	1.50% Per Month
	All Revenue related taxes will be charged customers.	

Main Extension and additional facilities agreements,

@ COST (b)

- **RULES AND REGULATIONS**
- \* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.
- (a) Monthly minimum times months off the system
- (b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.

Hassayampa Utility Company with \$52 Rates / 600 Customers Schedule of Projected Revenues For the Years Ended

Exhibit Schedule 2a Page 1 Witness:

		Kozoman
Chequie 28	age 1	itness:

1   1   1   1   1   1   1   1   1   1		2 579,600 \$ 18,000	നി	41		52
venues survey.		579,600 \$ 18,000	1			,
venues senues senues		579,600 \$ 18,000				
venues	000	18,000	\$ 954,000 \$	\$ 1,328,400 \$	\$	1,702,800
venues Svenues Suenues	00		18,000	18,000	_	18,000
senues		597,600	972,000	1,346,400		1,720,800
senues senues						
senues senues			•	•		,
sennes		•	,	•		,
sen		•	ı	•		-
sen						
sen	00	50,909	84,849	118,788		152,727
	30					
	30	50,909	84,849	118,788		152,727
School		•	•	i		•
Establishment Fees		1	•	•		,
Total Revenues from School		٠	,	•		
Total \$ 240,230	30 \$	648.509	1.056.849	240.230 \$ 648.509 \$ 1,056.849 \$ 1.465.188 \$	69	1.873.527

CS -2

PROFORMA INCOME STATEMENT (SEWER)
Hassayampa Utilities Company with \$52 Rates / 600 Customers

Year Five	\$ 1,720,800 152,727 18,000	\$ 1,891,527		\$ 185,846	146,316	48,284	5,000 2.251	2,251	18,000	8,000	25,000	4,502	000'6	97,236	6,753	•	16,883	3,377	3,377	449,203	5,628	16,883	5,402	18,000	300,145	80,225	\$ 1457561			61,488	\$ 477,455
Year Four	\$ 1,328,400 118,788 18,000	\$ 1,465,188		\$ 144,547	142,055	46,878	5,000 2,185	2,185	15,000	7,000	22,000	4,371	2,000	75,636	6,556	•	13,113	3,278	3,278	404,717	5,464	16,391	5,245	16,000	134,227	58,961	\$ 1141087	1		33,421	\$ 357,522
Year Three	\$ 954,000 84,849 18,000	\$ 1,056,849		\$ 103,248	137,917	45,513	5,000	2,122	12,000	000'9	19,000	4,244	5,000	54,036	6,365	•	9,548	3,183	3,183	354,481	5,305	15,914	5,092	14,000	20	36,696	\$ 850.018			17,431	\$ 224,262
Year Two	\$ 579,600 50,909 18,000	\$ 648,509		\$ 61,949	133,900	44,18/	9,000 0,060	2,060	6,000	2,000	16,000	4,120	3,000	32,436	6,180		6,180	3,090	3,090	298,970	5,150	15,450	4,944	12,000	20	21,387	\$ 695.204	\$ (46,695)		7,508	\$ (39,187)
	205,200 17,000 18,030	240,230		20,650	130,000	42,900	2,000 2,000	2:000	000'9	4,000	12,000	4,000	1,000	10,818	000'9	•	3,000	3,000	3,000	130,377	2,000	15,000	4,800	10,000	20	13,532	434 197	(193,897)		375	(193,522)
<u>Year One</u>																															
	Flat Rate Revenues Measured Revenues Stationisment Charges	Other Operating Revenue  Total Operating Revenue	OPERATING EXPENSES:	Pumping Power - All \$	Wages	Payroll Burden	Permits (Not Capitalized to Pi	Engineering (Not Capitalized t	Chemicals	Supplies	Repairs	Insurance (b)	Office Expense	Billing, Postage, Operations		Rentals	Solids Handling	Rentals	Recharge Site Maintenance	Depreciation net of Amortization	Vehicles Expenses	Legal & Accounting	Miscellenous Expenses	Testing	Income Taxes	Property Taxes	Total Onerating Evapores	Operating income (loss)	Less:	Interest (Expense) Income on \	Interest Expense Long-term Dt  Net Income

		Totals	25,000		130,000	350,000	200,000	1.189.000	4,944.750		•	•	•	•	,	15.000	1	720.000	150,000	1.323,000	5,000,000		900.000	•	15,000	30,000	25,000	15,000	40,000	40,000	120,000	•	•	15,231,750
e Kozoman		Year 5	•	1	•		ı		811,500	•	•		•	,	•		,		,	,	ı	,	200,000	,	,	,	5.000		•	,	•		1	1,016,500
Exhibit Schedule 1a Summary Page Witness: K		Year 4	ı	,	,		•		652,500	i	•	1		1	,	ı	ı	,	,	,	,	,	•	•	1	1	5,000		ı	ı	,	1	•	657,500
ш о о >		<u>Year 3</u>	•	•	•		1	125,000	886,500	ı	ı	1	•	1	,	ı	ı	,	ı	300,000	. •	,	200,000	•	1	,	5,000			1	,	•	,	1,516,500
ers		<u>Year 2</u>	•	•	ı	•	1	125,000	722,000	•	•	ı	•	•	ı	ı	1	1	,	•	1	,	200,000	1	•	1	5,000	,	,	•	,	1	•	1,052,000
with \$52 Rates / 600 Customers Plant Additions by Year		Year 1	25,000	•	130,000	350,000	200,000	939,000	1,872,250	•	•	•	•	1	•	15,000		720,000	150,000	1,023,000	5,000,000	•	300,000		15,000	30,000	5,000	15,000	40,000	40,000	120,000	•	•	10,989,250
Hassayampa Utility Company with \$52 Rates / 600 ( Summary Listing of Plant Additions by Year	Acct.		_	352 Franchises	353 Land and Land Rights	354 Structures and Improvements	355 Power Generation Equipment	_	361 Collection Sewers - Gravity (AIAC)	362 Special Collecting Structures	363 Services to customers / Residential	363 Services to customers - None Residential	364 Flow measuring Devices	365 Flow measuring Installations	366 Reuse Services '	367 Reuse Meters and Meter Install	370 Receiving Wells			75 Reuse Transmission and Distrib	380 Treatment and Disposal Equipment*	81 Plant Sewers	82 Outfall Sewer Lines	389 Other Plant and Miscellaneous	390 Office Furniture and Equipment	391 Transportation Equipment	392 Stores Equipment	393 Tools, Shop and Garage Equipme	394 Laboratory Equipment	395 Power Operated Equipment	396 Communication Equipment	397 Miscellaneous Equipment	398 Other Tangible Plant	Totals
	Ť	<del></del> 1	m i	က	က	က	က	က	က	က	က	က	က	က	က	က	က	က	က	က	Ś	Ś	Ś	ń	က	Ś	Ø	ñ	က	(C)	Ö	Ŕ	Ŕ	

## **EXHIBIT 5**

### **MAG 208**

#### Water Quality Management Plan Amendment Application

Revised: August 2005

Prepared for:
Hassayampa Ranch Water Reclamation Facility
Hassayampa Utilities Company
a subsidiary of
Global Water Resources, LLC

22601 North 19th Avenue Suite 210 Phoenix, AZ 85027 Phone: (623) 580-9600 Fax: (623) 580-9659



### Engineering Firm: RBF Consulting

Engineer: Michael Worlton, P.E. 16605 North 28<sup>th</sup> Avenue, Suite 100 Phoenix, AZ 85053-7550 Phone: (602) 467-2200

Fax: (602) 467-2201

RBF JN: 45-102623

#### **Table of Contents**

208	3 Amendment Checklist	i
1	Executive Summary	1
2	Authority	2
3	20-Year Needs	2
	3.1 Description of Existing Wastewater Treatment Plants (WWTP)	
3	3.2 Description of the Proposed Wastewater Treatment Plan	2
	3.2.1 Site Location and Property Ownership	
	3.2.2 Topographic Conditions	
	3.2.3 Population Estimates	3
	3.2.4 Estimated Wastewater Flow	3
	3.2.5 WRF Description	
	3.2.5.1 Treatment Plant Startup Procedure	
	3.2.5.2 Seeding	
	3.2.5.3 Process Flow	
	3.2.5.4 Kinetics	6
	3.2.5.5 Effluent Disposal and Quality Requirements	6
_	3.2.5.6 Storm Water Discharge	
	Sanitary Districts, Private Utilities, and WRF Service Areas	
_	.4 Summary of Alternatives	
	.5 Permitting Requirements	7
	.6 Pretreatment Requirements	
	.7 Sludge Management	
	Construction, Operation, and Maintenance	9
	.1 Construction Responsibility	
	.2 Operation and Maintenance Responsibility	
	.3 Sources of Construction Pollution	
	.4 Construction Phasing	
	Financing	
-	.1 Financing Plan	
_	.2 Financing Capacity to Construct	
	.3 Financing Capacity to Operate	
6	Impacts and Implementation	
6	.1 Implementation Plan	
6	.2 Impacts of the Proposed Plan	.11
7	Public Participation	.12
	•	
Apı	pendix A	
	Hassayampa Ranch WRF MAG 208 Amendment Map	
	Hassayampa Ranch Conceptual Land Use Map	
	Map of Existing Well Locations within Proposed Service Area	
	Flood Plain Map	
Δni	pendix B	
'Al	Financial Information	
App	pendix C	
	Letter of No Objection from Town of Buckeye	
Anı	pendix D	
-1-1	Hassayampa Ranch WRF Site Layout	
	Hassayampa Ranch WRF Site Layout	
	Hassayampa Ranch WRF Site Layout with Floodplain Contour	
	. 1999 Annie I tanon Tri a Ono Edyout Hill I looopidii Oolitodi	



## 208 AMENDMENT CHECKLIST

## Section 208 Clean Water Act

## 40 CFR Part 130.6

REQUIREMENT	PROVIDE BRIEF SUMMARY ON HOW REQUIREMENTS ARE ADDRESSED	ADDRESSED ON PAGE:
AUTHORITY  Proposed Designated Management Agency (DMA) shall self-certify that it has the authorities required by Section 208(c)(2) of the Clean Water Act to implement the plan for its proposed planning and service areas. Self-certification shall be in the form of a legal opinion by the DMA or entity attorney.	MAG is the Designated Planning Agency that has the authority as required in CWA 208(a)(2)(B).	α .
20-YEAR NEEDS  Clearly describe the existing wastewater (WWT) treatment facilities:  Describe existing WWT facilities.	The Town of Buckeye operates a wastewater treatment plant within the Town of Buckeye planning area. Other plants located within the Town of Buckeye planning area are the Lewis Prison Complex WWTP, the Sundance WWTP, and the Verrado WWTP. The proposed Tartesso WWTP, and the proposed Palo Verde WWTP are also located within the Town of Buckeye planning area. The proposed service area is within the Marioopa Planning Area.	7
Show WWT certified and service areas for private utilities and sanitary district boundaries if appropriate.	There are no private utilities or sanitary districts within the planned area for this facility.	7
Clearly describe alternatives and the recommended WWYT plan: Provide POPTAC population estimates (or COG-approved estimates only where POPTAC not available) over 20-year period.	The Town of Buckeye is projected to grow to 102,223 people by 2025. The service area is projected to include 7,536 equivalent dwelling units at ultimate build out.	m
<ul> <li>Provide wastewater flow estimates over the 20-year planning period.</li> </ul>	Estimated flows range from 1 MGD at Phase 1A to 3.2 MGD at ultimate build-out.	က
<ul> <li>Illustrate the WWT planning and service areas.</li> </ul>	The service area for the proposed Hassayampa Ranch WRF is located within the Maricopa County Planning Area. The service area is located 2 ½ miles north of Interstate 10. Bethany Home Road is the northern boundary for the service area and Camelback Road will bisect the service area, willch extends south to Indian School Road.	Appendix A
<ul> <li>Describe the type and capacity of the recommended WWT plant.</li> </ul>	A treatment facility with a sequencing batch reactor (SBR) process will provide screening, activated sludge, secondary clarification, tertiary filtration, UV disinfection, nitrification and denitrification, aerobic sludge digestion, sludge dewatering, and flow equalization. The plant will be equipped with odor control, which includes covers and odor scrubbing equipment. The utilimate capacity of the facility will be 3.2 MGD, with capabilities to accommodate expansions up to 10 MGD.	4
<ul> <li>Identify water quality problems, consider alternative control measures, and recommend solution for implementation.</li> </ul>	No water quality problems are anticipated. Effluent will be A+ quality. Effluent will meet all limits established by the APP, AzPDES Permit, reuse permit, and recharge permit.	မ
<ul> <li>If private WWT utilities with certified areas are within the proposed regional service area; define who (municipal or private utility) serves what area and when. Identify whose sewer lines can be approved in what areas and when?</li> </ul>	There are no private utilities within the proposed service area.	7
- Describe method of effluent disposal and reuse sites (if appropriate).	Effluent from the Hassayampa Ranch WRF will be disposed of in three manners: 1) direct reuse for inrigation for a golf course and green areas, 2) discharge to Hassayampa River, and 3) recharge of groundwater through means of recharge basins and wells.	G
<ul> <li>If Sanitary Districts are within a proposed planning or service area, describe who serves the Sanitary Districts and when.</li> </ul>	There are no sanitary districts within the proposed planning or service areas.	7
<ul> <li>Describe ownership of land proposed for plant sites and reuse areas.</li> </ul>	The land for the plant will be owned Hassayampa Utilities Company (HUC). HUC will oversee and fund construction of the WRF.	8

		capacity of 1 Mi-SJ, and construction is anticipated to be completed between September and December of 2006. Design of each additional phase must begin when 70% of the plant capacity has been reached as measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached. The ultimate capacity of the plant will be 3.2 MGD with provisions for expansion to up to 10 MGD	01
All storm water will be contained onsite and there will be no offsite storm water discharge.  Hassayampa Ranch WRF effluent will be a primary irrigation source for the golf course and green areas. The reuse of effluent will be a primary irrigation source for the golf course and green areas. The reuse of effluent will be a primary irrigation source for the golf course and green areas. The reuse of effluent will be and school provided that the will be Indiscaped and architecturally box constitution. Building, approval to construct, approval of construction, sludge disposal, and sludge hauling.  The quality of the effluent will meet requirements of the Clean Water Act. The sludge will meet the requirements of QCRR part 503.  ADEQ Permitting Section will be contacted to determine the need for specific permits. Pocamieration of communication will be included in the report 30-90 days prior to public. Further industrial evelopment is not anticipated. HUC and ADEQ will assess any future industrial evelopment is not anticipated. HUC and ADEQ will assess any future industrial evelopment is not anticipated. HUC and ADEQ will assess any future industrial evelopment is not anticipated. HUC and ADEQ will assess any future industrial evelopment is not anticipated. HUC and ADEQ will assess any future industrial evelopment is not anticipated. HUC and ADEQ will sesses any future industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.  Sludge will be dewetered and either disposed of at an approved agreements will be obtained. Sludge will quality as Class B Biosolids (40 CFR Part 503).  Not applicable.  HuC plans to each phase must begin when 80% of the partic capacity of the potention system. Capacity in the collection system. The ultimate capacity of asset part provided into phases in participated between septement of 2006. Design of cach additional phase	Address financial constraints in the development of the treatment works.	Global Water Resources will provide initial capital necessary to fund construction of the WRF. Global Water Resources will oversee and fund the plant's operations and maintenance.	10
Hassayampa Ranch WRF effluent will be a primary intigation source for the golf course and green than the state of the stat	Describe how discharges will comply with EPA municipal and industrial stormwater discharge regulations (Section 405, CWA).	All storm water will be contained onsite and there will be no offsite storm water discharge.	7
The treatment plant site will be landscaped and architecturally consistent with the surrounding development.  Permits required are AZPDES, APP, reuse, recharge, air quality, architectural, building, approval of construction, sludge disposal, and studge hauling.  Permits requirements of 40 CFR part 503.  The quality of the effluent will meet requirements of the Clean Water Act. The sludge will meet the requirements of 40 CFR part 503.  ADEQ Permitting Section will be confacted to determine the need for specific permits.  Documentation of communication will be included in the report 30-60 days prior to public hearing.  Future industrial users and their respective manufacturing processes on an individual basis with respect to pretreatment requirements. Global has a pretreatment program for commercial and light industrial users and their respective manufacturing processes on an individual basis with respect to pretreatment requirements. Global has a pretreatment program for commercial and light industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.  Not applicable.  Not app	Describe how open areas & recreational opportunities will result from improved water quality and how those will be used.	Hassayampa Ranch WRF effluent will be a primary irrigation source for the golf course and green areas. The reuse of effluent will safely enhance the parks and open space while minimizing the use of groundwater for irrigation. Effluent will be A+ quality.	Ф
Permits required are AzPDES, APP, reuse, recharge, air quality, architectural, building, approval to construct, approval of construction, sludge disposal, and sludge hauling.  The quality of the effluent will meet requirements of the Clean Water Act. The sludge will meet the remaining Section will be contacted to determine the need for spacific permits.  ADEQ Permitting Section will be contacted to determine the need for spacific permits.  Documentation of communication will be included in the report 30-46 days prior to public hearing.  The rearing and their respective manufacturing processes on an individual basis with respect to pretreatment requirements. Global has a pretreatment program for commercial and light industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.  Not applicable.  Sludge will guality as Class B Biosolids (40 CFR Part 503).  Not applicable.  Not applicable will be divided into phases. Phase 1A of the project will have a bean readened as determined	Describe potential use of lands associated with treatment works and increased access to water-based recreation, if applicable.	The treatment plant site will be landscaped and architecturally consistent with the surrounding development.	4
The quality of the effluent will meet requirements of the Clean Water Act. The sludge will meet the requirements of 40 CFR part 503.  ADECD Fermitting Section will be confacted to determine the need for specific permits.  Documentation of communication will be included in the report 30-80 days prior to public hearing.  Future industrial development is not anticipated. HUC and ADEC will assess any future industrial users and their respective manufacturing processes on an individual basis with respect to pretreatment requirements. Global has a pretreatment program for commercial and light industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.  Not applicable.  Sludge will be dewatered and either disposed of at an approved landfill or applied to approved agricultural land. Sludge hauler and sludge disposal agreements will be obtained. Sludge hauler and sludge disposal agreements will be obtained.  Not applicable.  Not applicable.  Not applicable.  Not applicable.  Not applicable.  And applicable.  Not applicable.  Not applicable.  Not applicable.  Not applicable.  Hut project will be divided into phases. Phase 1A of the project will have a treatment capacity has been reached as ederamined by the measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached as defarmined from the measured flow with provisions for expansion to up to 10 McGD.  HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the HRWRF.	REGULATIONS  Describe types of permits needed, including NPDES, APP and reuse.	Permits required are AZPDES, APP, reuse, recharge, air quality, architectural, building, approval to construct, approval of construction, sludge disposal, and sludge hauling.	æ
ADEQ Permitting Section will be contacted to determine the need for specific permits.  Documentation of communication will be included in the raport 30-80 days prior to public hearing.  Future industrial development is not anticipated. HUC and ADEQ will assess any future industrial users and their respective manufacturing processes on an individual basis with respect to perferentement. Global has a pretreatment program for commercial and light industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.  Not applicable.  Sludge will be dewatered and either disposed of at an approved landfill or applied to approved agricultural land. Sludge hauler and sludge disposal agreements will be obtained. Sludge will qualify as Class B Biosolids (40 CFR Part 503).  Not applicable.  Not applicable.  Not applicable.  Not applicable.  Not applicable.  Not applicable.  Construction of each phase must begin when 80% of the plant capacity has been reached as determined by the measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached as determined by the measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached as determined the measured flow in the collection system. The utilitate capacity of the plant will be 32 MGD with provisions for expansion to up to 10 MGD.  HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the HRWRF.	Describe restrictions on NPDES permits, if needed, for discharge and sludge disposal.	The quality of the effluent will meet requirements of the Clean Wafer Act. The sludge will meet the requirements of 40 CFR part 503.	æ
Future industrial development is not anticipated. HUC and ADEQ will assess any future industrial development is not anticipated. HUC and ADEQ will assess any future industrial development is not anticipated. HUC and ADEQ will assess any future industrial users and their respective manufacturing processes on an individual basis with respect to pretreatment requirements. Global has a pretreatment program for commercial and light industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.  Not applicable.  Not	Provide documentation of communication with ADEQ Permitting Section 30 to 60 ays prior to public hearing regarding the need for specific permits.	ADEQ Permitting Section will be contacted to determine the need for specific permits. Documentation of communication will be included in the report 30-60 days prior to public hearing.	Appendix B
Not applicable.  Sludge will be dewatered and either disposed of at an approved landfill or applied to approved agricultural land. Sludge hauler and sludge disposal agreements will be obtained. Sludge will qualify as Class B Bissolids (40 CFR Part 503).  Not applicable.  Not ap	Describe pretreatment requirements and method of adherence to requirements iection 208 (b)(2)(D), CWA).	Future industrial development is not anticipated. HUC and ADEQ will assess any future industrial users and their respective manufacturing processes on an individual basis with respect to pretreatment requirements. Global has a pretreatment program for commercial and light industrial users. Each prospective industrial users. Each prospective industrial user will be required to comply with the requirements set forth by Global's program.	ω
Sludge will be dewatered and either disposed of at an approved landfill or applied to approved approved agricultural land. Sludge haller and studge flagosal agreements will be obtained. Sludge will quelify as Class B Bissolids (40 CFR Part 503).  Sludge will quelify as Class B Bissolids (40 CFR Part 503).  Not applicable.  Not applicable.  Not applicable.  Not applicable.  Imining related, define where collection of pollutants has occurred, and what specialized procedures will be initiated for orphan cable.  The project will be divided into phases. Phase 1A of the project will have a treatment capacity of 1 MGD and construction is anticipated to be completed between September and December of 2006. Design of each additional phase must begin when 70% of the plant capacity of 1 MGD and construction of each plate must begin built delivery method for the design and otherwise carry construction of the HRWRF. HUC will also operate and maintain the facilities and otherwise carry.  Sludge will quelify as Class B Bissolids (40 CFR Part 503).  Not applicable.  Not applica	<ul> <li>Identify, if appropriate, specific pollutants that will be produced from excavations and procedures that will protect ground and surface water quality (Section 208(b)(2)(K) and Section 304, CWA).</li> </ul>	Not applicable.	Not applicable.
Define any non-point issues related to the proposed facility and outline to control them.  Describe process to handle all mining runoff, orphan sites and underground applicable.  Pescribe process to handle all mining runoff, orphan sites and underground applicable.  Training related, define what specialized procedures will be initiated to contain contaminated areas.  Training related, define what specialized procedures will be initiated for orphan cable.  The project will be divided into phases. Phase 1A of the project will have a treatment capacity of 1 MGD Design of each additional phase must begin when 50% of the plant capacity has been reached as determined by the measured flow in the collection system. The unitiation and completion.  Construction priorities and time schedules for initiation and completion.  Construction priorities and time schedules for initiation and completion.  Construction priorities and time schedules for initiation and completion.  Construction priorities and time facilities and otherwise carry coles that will construct, operate and maintain the facilities are underground.  Not applicable.  The project will have a treatment agreement and meaning the project will have a treatment capacity of the polarity of	Describe alternatives and recommendation in the disposition of sludge generated. (Section 405 CWA)	Sludge will be dewatered and either disposed of at an approved landfill or applied to approved agricultural land. Sludge hauler and sludge disposal agreements will be obtained. Sludge will qualify as Class B Biosolids (40 CFR Part 503).	80
Describe process to handle all mining runoff, orphan sites and underground applicable.  In the project will be initiated to contain contaminated areas.  In the project will be initiated to contain contaminated areas.  In the project will be initiated to contain contaminated areas.  In the project will be initiated for orphan capacity of 1 MGD and construction is articipated to between September and December of 2006. Design of each phase must begin when 70% of the plant capacity has been reached as determined by the measured flow in the collection system.  CICION  Described into phases. Phase 1A of the project will have a treatment capacity of 1 MGD and construction priorities and time schedules for initiation and completion.  CICION  Described into phases. Phase 1A of the project will have a treatment capacity has been reached as determined by the measured flow in the collection system.  Described into phases. Phase 1A of the project will have a treatment capacity has been reached as determined by the measured flow in the collection system.  Described into phases. Phase 1A of the project will have a treatment capacity has been reached as determined by the measured flow in the collection system.  The project will be divided into phases. Phase 1A of the project will have a treatment capacity has been reached as determined by the measured flow in the collection system.  The project will be 3.2 MGD with provisions for expansion to up to 10 MGD.  HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the facilities and otherwise carry	Define any non-point issues related to the proposed facility and outline ocedures to control them.	Not applicable.	Not applicable.
re going to be initiated to contain contaminated areas.  In project will be initiated to contain contaminated areas.  It mining related, define what specialized procedures will be initiated for orphan capacity of 1 MGD and construction is anticipated to be completed between September and December of 2006. Design of each additional phase must begin when 70% of the plant capacity has been reached as determined by the measured flow in the collection system. The ultimate capacity of the plant will be 3.2 MGD with provisions for expansion to up to 10 MGD.  Not applicable.  Not applicable.  The project will be initiated for orphan Not applicable.  The project will be initiated for orphan Not applicable.  The project will be determined to onstruction of add phases. Phase 1A of the project will have a treatment capacity of the plant capacity has been reached as determined by the measured flow in the collection system. The ultimate capacity of the plant will be 3.2 MGD with provisions for expansion to up to 10 MGD.  HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the facilities and otherwise carry	Describe process to handle all mining runoff, orphan sites and underground pollutants, if applicable.	Not applicable.	Not applicable.
f mining related, define what specialized procedures will be initiated for orphan cable.  The project will be divided into phases. Phase 1A of the project will have a treatment capacity of 1 MGD and construction is anticipated to be completed between September and Capacity of 1 MGD and construction is anticipated to be completed between September and December of 2006. Design of each additional phase must begin when 70% of the plant capacity has been reached as determined by the measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached as determined from the measured flow in the collection system. The utilinate capacity of the plant will be 3.2 MGD with provisions for expansion to up to 10 MGD.  HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the facilities and otherwise carry	if mining related, define where collection of pollutants has occurred, and what procedures are going to be initiated to contain contaminated areas.	Not applicable.	Not applicable.
The project will be divided into phases. Phase 1A of the project will have a treatment capacity of 1 MGD and construction is anticipated to be completed between September and December of 2006. Design of each additional phase must begin when 70% of the plant capacity has been reached as determined from the measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached as determined from the measured flow in the collection system. The ultimate capacity of the plant capacity of the plant capacity of the plant will be 3.2 MGD with provisions for expansion to up to 10 MGD.  HUC plans to use the performance-based design build delivery metrod for the design and construction of the HRWRF. HUC will also operate and maintain the HRWRF.	If mining related, define what specialized procedures will be initiated for orphan sites, if applicable.	Not applicable.	Not applicable.
incipes that will construct, operate and maintain the facilities and otherwise carry HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the HRWRF.	CONSTRUCTION Define construction priorities and time schedules for initiation and completion.	The project will be divided into phases. Phase 1A of the project will have a treatment capacity of 1 MGD and construction is anticipated to be completed between September and December of 2006. Design of each additional phase must begin when 70% of the plant capacity has been reached as determined by the measured flow in the collection system. Construction of each phase must begin when 80% of the plant capacity has been reached as determined from the measured flow in the collection system. The utilimate capacity of the plant will be 3.2 MGD with provisions for expansion to up to 10 MGD.	O)
	Identify agencies that will construct, operate and maintain the facilities and otherwise carry out the plan.	HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF. HUC will also operate and maintain the HRWRF.	ō

Identify construction activity-related sources of pollution and set forth procedures and methods to control, to the extent feasible, such sources.	Poliutants associated with construction activities are anticipated to be limited to solid waste, inert materials, and residual construction materials all of which will be properly disposed of after construction activities are complete. A Dust Control Permit will be in place throughout construction in accordance with County dust control requirements. An AZPDES Storm Water Pollution Prevention Permit will also be obtained and compliance will be met during construction.	o,
FINANCING AND OTHER MEASURES NECESSARY TO CARRY OUT THE PLAN		
<ul> <li>If plan proposes to take over certificated private utility, describe how, when and financing will be managed.</li> </ul>	Not applicable.	Not applicable.
Describe any significant measure necessary to carry out the plan, e.g., institutional, financial, economic, etc.	The phasing of the expansion will depend upon the increase in population and commercial development and resultant wastewater flows.	6
<ul> <li>Describe proposed methods(s) of community financing.</li> </ul>	Global Water Resources will provide the funding necessary to design and build the WRF up to ultimate build out. HUC is a wholly owned subsidiary of Global Water. Through Global Water, HUC will purchase land from Harvard Investments for the WRF. HUC will own and operate the WRF.	10
<ul> <li>Provide financial information to assure DMA has financial capability to operate and maintain wastewater system over its useful life.</li> </ul>	HUC has the financial capacity to operate the facility. See Appendix B.	10
<ul> <li>Provide a timeline outlining period of time necessary for carrying out plan implementation.</li> </ul>	Construction for the initial phase of the facility is anticipated to be completed between September and December of 2006. The additional phases will be completed as dictated by the capacity of the plant.	10
<ul> <li>Provide financial information indicating the method and measures necessary to achieve project financing. (Section 201 CWA or Section 604 may apply.)</li> </ul>	HUC will seek a certificate of convenience and necessity (CC&N) from the Arizona Corporation Commission (ACC) to provide wastewater services and reclaimed water services (Utility Services) for the entitre Hassayampa Ranch development. At the issuance of the CC&N, the ACC will review and approve HUC's initial capitalization and long-term financing plan as well as establishing the rates, which HUC can charge customers for provisions of the utility service. The service rate will include all performance costs associated with operation & maintenance of the wastewater and reclaimed water facilities.	10
IMPLEMENTABILITY		
Describe impacts and implementability of Plan: Describe impacts on existing wastewater (WW) facilities, e.g., Sanitary district,	There are no existing facilities in the proposed planning or services areas.	۷
infrastructure/racilities and certificated areas.  Describe how and when existing package plants will be connected to a regional system.	Not applicable.	Not applicable.
Describe the impact on communities and businesses affected by the plan.	No impacts on communities or businesses are anticipated.	Not applicable.
If a municipal wastewater (WWT) system is proposed, describe how WWT service will be provided until the municipal system is completed: i.e. will package plants and septic systems be allowed and under what circumstances. (Interim services)	Not applicable.	Not applicable.
FUBLIC PARTICIPATION  Submit copy of mailing list used to notify the public of the public hearing on the 208 amendment. (40 CFR. Charlet 1. Part 25.5)	All public notifications will be satisfied through MAG.	12
List location where documents are available for review at least 30 days before public hearing.	All public notifications will be satisfied through MAG.	12
<ul> <li>Submit copy of the public notice of the public hearing as welf as an official affidavit of publication from the area newspaper. Clearly show the announcement appeared in the newspaper at least 45 days before the hearing.</li> </ul>	All public notifications will be satisfied through MAG.	12
<ul> <li>Submit affidavit of publication for official newspaper publication.</li> </ul>	All public notifications will be satisfied through MAG.	12
- Submit responsiveness summary for public hearing.	All public notifications will be satisfied through MAG.	12

#### 1 Executive Summary

The Maricopa Association of Governments (MAG) is the Designated Planning Agency with the authority, required by Section 208 (a)(2)(B) of the Clean Water Act, to amend the Water Quality Management Plan for the Maricopa County Planning Area. The purpose of this application is to request an amendment to the existing MAG 208 Water Quality Management Plan (MAG 208 Plan) to accommodate the proposed 3.2 MGD Hassayampa Ranch Water Reclamation Facility (HRWRF), effluent reuse at proposed golf course and discharge to the Hassayampa River. The service area for this plant is located within the Maricopa County Planning Area.

Hassayampa Utilities Company (HUC), a wholly owned subsidiary of Global Water Resources, Inc. (Global) will design, construct, own and operate the HRWRF. Global will also provide the initial capital necessary to fund the design and construction of the WRF.

This Clean Water Act (CWA) 208 Amendment application contains the required information on the proposed construction and operation of the Hassayampa Ranch WRF. The volumes treated and discharged will increase over time as the capacity of the plant is increased. Phase 1A of the proposed WRF facility is scheduled for completion between September and December of 2006 with a capacity of 1 MGD. Future expansions are anticipated, bringing the ultimate capacity to 3.2 MGD. Design of these improvements will begin when 70% of the plant capacity has been reached and construction will begin when 80% of the plant capacity has been reached on measured flows from the collection system. Future development in the Hassayampa Ranch area could require treatment of up to 10 MGD. As such, the 3.2 MGD facility and the treatment plant site are designed for upgrade to 10 MGD capacity.

The CWA Section 208 Checklist on the preceding pages provides a summary of the amendment application requirements and the proposed improvements addressing these issues.



#### 2 Authority

The Maricopa Association of Governments (MAG) is the Designated Planning Agency with the authority required by Section 208 (a)(2)(B) of the Clean Water Act to amend the Water Quality Plan for the Maricopa County Planning Area. MAG has authority to implement the plan for the proposed planning and services areas as outlined in this application.

#### 3 20-Year Needs

#### 3.1 Description of Existing Wastewater Treatment Plants (WWTP)

The proposed HRWRF and the service area pertaining to its operation will be located within the Maricopa County Planning Area. Unincorporated areas of Maricopa County and the Town of Buckeye are located within a 3-mile radius of the proposed service area (see Exhibit A in Appendix A).

All WWTPs within the vicinity of Hassayampa Ranch are located within the Town of Buckeye Planning Area. There are a total of 6 WWTPs existing or under construction in Buckeye within a 23-mile radius of the proposed HRWRF, as follows:

- Town of Buckeye WWTP located approximately 14 miles southeast
- Lewis Prison Complex WWTP located on SR-85 approximately 23 miles southeast
- Verrado WWTP located approximately 18 miles southeast
- Sundance WRF located approximately 17 miles southeast
- Proposed Tartesso WWTP located approximately 2 miles southeast
- Proposed Palo Verde Road WWTP located approximately 9 miles southeast

While there are several existing and proposed WWTPs within the Town of Buckeye Planning Area, the Hassayampa River bounds the Hassayampa Ranch development to its east. This makes it very difficult to drain sewage east of the project site to any of the previously mentioned treatment facilities. The existing contours on the project site slope to the southeast, making it difficult to direct outfall to the west of the project site and combine with adjacent developments. As a result, Hassayampa Ranch must provide its own WRF.

#### 3.2 Description of the Proposed Wastewater Treatment Plan

#### 3.2.1 Site Location and Property Ownership

The proposed location of the Hassayampa Ranch WRF is within the southeastern quarter of Section 22 in Township 2 North, Range 5 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona (see Exhibit A in Appendix A). The service area is located 2 ½ miles north of Interstate 10. Bethany Home Road is the northern boundary for the service area and Camelback Road will bisect the service area, which extends south to Indian School Road. The facility location and service area are located within an unincorporated area of Maricopa County.

The Hassayampa Ranch development, approximately 2,050 acres, is owned by



Harvard Investments. HUC will acquire 19.7 acres of the development property for construction of the Hassayampa Ranch WRF, and will own and operate the facility. HUC will also maintain an option for a second contiguous parcel of land for the potential expansion of the WRF to 10 MGD, on a total of 29.8 acres. Effluent reuse areas will be owned privately and permitted with Type 2 Reuse permits.

#### 3.2.2 Topographic Conditions

The existing ground, within the proposed HRWRF service area, slopes generally to the southeast. The proposed service area consists of undeveloped desert landscape. As shown in Exhibit D of Appendix A, the 100-year floodplain encroaches on the proposed HRWRF site. While a portion of the proposed site lies within the 100-year floodplain, all infrastructure will be constructed outside the floodplain boundary. As such, floodplain within the proposed WRF site would be dedicated to land required to comply with the 350-ft setback requirement.

#### 3.2.3 Population Estimates

The Department Economic Security (DES) Population Statistics Unit prepares official population estimates and projections for the State of Arizona. The DES projects the population of Buckeye for the 20-year planning period to reach 102,223. It is anticipated that the subject WRF will provide a portion of services needed to serve this population.

The HRWRF will have a limited service area as shown in the Exhibit A Appendix A. Population projections are based on the Hassayampa Ranch Conceptual Development Plan. The proposed conceptual land plan for Hassayampa Ranch includes 5,707 residential units, 143 school EDUs, and 1,526 commercial EDUs.

#### 3.2.4 Estimated Wastewater Flow

The proposed service area for the HRWRF is comprised of the proposed Hassayampa Ranch development and 160 acres of limited-use state land. The projected wastewater flows from the Hassayampa Ranch development and state land parcel are outlined in Table 3.1.

Table 3.1 Flow Summary for the area serviced by the proposed HRWRF

Description	Equivalent Dwelling Units	Flow (gal/unit/day)	Average Daily Flow (gpd)	Average Daily Flow in Maximum Month (gpd)
Residential	5,707	350	1,997,450	2,396,940
Commercial	1,526	350	534,100	640,920
School	143	350 -	50,050	60,060
Hassayampa Ranch Subtotal	7,376	NA	2,581,600	3,097,920
State Land Parcel	160	350	56,000	67,200
Total	7,536	NA	2,637,600	3,165,120

Note: All values are from the Hassayampa Ranch Conceptual Development Plan



There are approximately 160 acres of State Land located near the southeast corner of the project. This land was included in the wastewater flow calculations. An estimated 160 units (1 unit/acre) were used to calculate flows from this parcel. Though it is not anticipated that this land will be developed, it may be annexed in the future, so possible flows associated with the State Land were used to size the capacity of the subject WRF. Global is currently considering a service opportunity in adjacent areas that will bring the total ultimate capacity required to 10 MGD at the HRWRF.

#### 3.2.5 WRF Description

The HRWRF will consist of a multi-phased Sequencing Batch Reactor (SBR) system with an average flow capacity of 1 MGD for the initial phase (Phase 1A) of construction. Further phasing will proceed as a function of market conditions resulting in the anticipated build-out capacity of 3.2 MGD for the Hassayampa Ranch development. The plant will be designed to accommodate expansions up to 10 MGD to serve nearby communities, some of which are currently under consideration to be served by HRWRF. The selected technologies and the existing site are suitable to accommodate this expansion to 10 MGD.

The treatment process will consist of screening, secondary biological treatment using the activated sludge process, secondary clarification, tertiary filtration, UV disinfection, nitrification and denitrification, aerobic sludge digestion, sludge dewatering, and flow equalization. Treatment units will be enclosed with activated carbon (dry) scrubbing of ventilation air for odor control. Noise abatement will be achieved by housing blowers in concrete block buildings. This process meets the Best Available Demonstrated Control Technology (BADCT) requirements, and HUC's parent company, Global, uses this same process successfully in its other Arizona local utilities. The aesthetic appearance of the proposed treatment facility will be a primary objective in plant design and will be architecturally consistent with the surrounding development. Setback requirements per AAC R18-9 will be met at all times. HUC will own the treatment plant site in fee, and all process infrastructure will be located within the setback buffer zone.

#### 3.2.5.1 Treatment Plant Startup Procedure

Flows from the HUC HRWRF up to 5,000 gpd will be vaulted and hauled. The hauled wastewater will be disposed at a nearby operating wastewater plant. The 1-MGD HRWRF will be constructed such that the lift station can be used for the vault, and the 1 MGD plant will be completed entirely prior to any discharge into the treatment system.

Once the flows surpass the 5,000 gpd, the 1.0 MGD AquaTec dual SBR treatment plant can be operated to accomplish efficient BOD, TSS and nitrogen removal at the lower flow rates by employing the aerobic sludge digester tank (ASD) as a Continuous Flow Intermittent Discharge Batch Reactor (CFIDBR).

When the flows exceed 100,000 gpd, the contents of the ASD tank as well as the influent flow will then be transferred to a single SBR basin and that SBR train will be operated as a CFIDBR for flows up to 200,000 gpd. At the flow rate of 200,000 gpd, both SBRs will be placed in service and will operate up to the design flow rate of 1.0 MGD average flow.



The PLC program will be written to operate the equipment on variable frequency drive (VFD) pumps so that energy can be minimized while delivering the required quantities of air and oxygen for proper biological treatment. The programs will also be modified to operate in the single tank Continuous Flow Intermittent Discharge operation such that sufficient treatment for removal of BOD, TSS and ammonia nitrogen can be accomplished prior to filtration and UV disinfection.

The headworks facility including the fine automatic screening and grit removal systems will be in service during start up and at all flow rates up 1.0 MGD with peak factors to 2.0 MGD.

#### 3.2.5.2 Seeding

In order to prepare for the start-up, the ASDs will be seeded as reactors with seed-sludge from the Palo Verde Utilities Company North WRF located in Maricopa, AZ. HUC's parent company, Global Water Resources, owns this company and facility as well. This will provide a viable biomass for the treatment of the wastewater, and will ensure the correct population of microorganisms to perform treatment.

#### 3.2.5.3 Process Flow

The ASD basin is 18' wide x 82' long with a maximum 22' liquid depth and a maximum volume of 240,000 gallons. The designed dual parallel SBRs are 40' wide x 92' long with maximum liquid depths of 22' and volumes of 605,550 gallons each.

All flow to the plant will be pumped from the main influent lift station and directed through the automatic fine screens and the grit removal system where it will then be diverted by manual valves to the ASD basin. The ASD basin is fitted with three 7-1/2 Hp Submerged Aerator Mixer (SAM) units and will have sufficient aeration with two 20-Hp blowers (an additional unit is installed as a standby unit) to handle the organic loading to a maximum average daily flow rate of 100,000 gpd.

The ASD is equipped with an automated floating stainless steel decanter to allow it to operate in the continuous flow, intermittent discharge batch operation mode at a liquid depth of 16 to 18 feet for average flow conditions and up to the 22-ft liquid depth at peak flow conditions.

Treated effluent from the CFIDBR will flow by gravity via the automated decant valve to the post-equalization basin where it will be stored until sufficient volume is available to start one filter pump to transfer to the tertiary sand filters. Filtered effluent will then pass by gravity through the ultraviolet disinfection channel. The filter and UV system will be operated on a batch basis under low-flow conditions.

During the operation of the ASD as a CFIDBR, waste activated sludge will be pumped out of the basin on a weekly, or daily basis as needed, to maintain the process parameters of MLVSS and F/M ratio. The waste sludge will be placed in a tanker truck and transferred to the Palo Verde Utilities Company North WRF for further aerobic digestion and dewatering on the existing belt press at this plant.



#### 3.2.5.4 Kinetics

Employing the ASD as a CFIDBR will enable the treatment facility to handle flows from 5,000 to 100,000 gpd. The process design parameters at various flow rates are shown in the table below.

**Table 3.2 Design Parameters for Various Flow Rates** 

Table 3.2 Design Farameters	IOI VAIIUUS FIU	w Rates		
OPERATING PARAMETER	100,000 gpd	75,000 gpd	50,000 gpd	25,000 gpd
Influent BOD <sub>5</sub> (300 mg/L),				
lbs/day	250	188	125	94
Influent NH <sub>3</sub> -N (60 mg), lbs/day	50	37.5	25	19
Organic Loading (lbs/1000 ft <sup>3</sup> )	10	7.5	5	3.8
F/M Ratio	0.1	0.075	0.05	0.05
MLVSS (mg/L)	1,597	1,593	1,600	1,200
MLSS (mg/L)	2,280	2,280	2,300	1,715
O <sub>2</sub> Demand, lbs/day	605	454	303	227
Airflow Required, scfm	632	474	316	237
Blower BHp Required	30	23	15	8
Airflow/SAM (3)	30	23	15	8
SAM Energy for Mixing, Hp/MG	120	100	80	70
Install three (3) 20 Hp blowers with	h VFD drives (one	is a standby uni	i)	
Number of Blowers Operating	2	2	1	1
Total Energy, SAMs plus				
blowers, BHp	45	36	26	20
Waste Sludge Volume, g/day	2,400	1,800	1,200	600

#### 3.2.5.5 Effluent Disposal and Quality Requirements

Effluent from the HRWRF will be disposed of in three manners: 1) direct reuse for irrigation of a golf course and green areas, 2) discharge to the Hassayampa River, and 3) recharge of groundwater through means of recharge basins or wells. Effluent management will favor the direct reuse of reclaimed water in order to reduce the amount of potable water used for irrigation.

Direct reuse of reclaimed water will be used to irrigate public green areas as well as a proposed golf course to be located on the Hassayampa Ranch development. This would require a distribution system including pumping, transmission and storage. The golf course is located north of the WRF and will need storage for the effluent. It is anticipated that the golf course will have lined effluent lakes, which will store the effluent so that the golf course can use it for irrigation in a draw and fill scheme. The distribution system will consist of the piping to deliver the effluent from the WRF to the storage at the golf course, along with pumping facilities. The effluent will need to be pumped to the golf course. All reclaimed water to be directly reused will comply with the Reclaimed Wastewater Reuse Permit, AAC Title 18 Chapter 9 Article 7 and will qualify as Class A+ Reclaimed Water as provided by AAC Title 18 Chapter 9 Article 3. Direct reuse will provide numerous recreational opportunities and aesthetic enhancements without the need for groundwater pumping to irrigate these improvements.

Another option for the management of reclaimed water from the proposed WRF is to discharge to the Hassayampa River. An alternative to direct reuse is needed because



the demand for reclaimed water fluctuates throughout the year and another method of effluent disposal is needed to accommodate those times of the year when the demand for effluent is less than the production. An AzPDES Permit will be obtained from Arizona Department of Environmental Quality for the authorization to discharge to the Hassayampa River.

Effluent may also be utilized to recharge the groundwater. The effluent utilized in this manner will comply with the Reclaimed Wastewater Reuse Permit, AAC Title 18 Chapter 9 Article 7, A+ quality reclaimed water guidelines, and AzPDES Permit.

#### 3.2.5.6 Storm Water Discharge

Storm water discharges associated with the subject WRF are not anticipated. The facility will retain, onsite, all storm water runoff generated by storms up to and including the 100-year, 2-hour storm through retention basins with dry wells. It is anticipated that the soils will be sufficient to meet the Maricopa County Regulations requiring the basins to drain within 36 hours. Therefore, there will be no storm water discharges from the HRWRF up to and including the 100-year, 2-hour event.

#### 3.3 Sanitary Districts, Private Utilities, and WRF Service Areas

The location of the HRWRF and its service area are shown on Exhibit A in Appendix A. There are no existing wastewater treatment facilities, sanitary districts, or certified service areas that would be impacted by the construction of subject WRF or its discharge.

#### 3.4 Summary of Alternatives

In order to accommodate anticipated growth within the proposed service area, Maricopa County must identify some method for treatment of wastewater and the subsequent disposal of the reclaimed wastewater. Due to the location of existing treatment facilities operated by the Town of Buckeye on the east side of the Hassayampa River, the only viable option is construction of a new facility.

HUC has proposed the following effluent management strategies:

- Reuse of reclaimed wastewater at a golf course and other green areas.
- Discharge of reclaimed wastewater to the Hassayampa River.
- · Recharge of groundwater through means of recharge basins or wells.

These mentioned disposal methods will be permitted by the appropriate agencies, will not have a negative impact on the environment, and the infrastructure for disposal will be constructed prior to the anticipated start-up date.

#### 3.5 Permitting Requirements

The required permits from ADEQ and ADWR will be obtained in HUC's name. The HRWRF will require the following permits or approvals:



Table 3.3: Listing of Regulatory Reviews, Plans, Approvals, Permits and Certifications

Requirement	Regulatory Agency
Approval to Construct	Maricopa County Environmental Services Department
Approval of Construction	Maricopa County Environmental Services Department
Aquifer Protection Permit	Arizona Department of Environmental Quality
Reclaimed Wastewater Recharge Permit	Arizona Department of Water Resources
Reclaimed Wastewater Reuse Permit	Arizona Department of Environmental Quality
Arizona Pollutant Discharge Elimination System (AzPDES) Permit	Arizona Department of Environmental Quality
Sludge Disposal Agreement	Arizona Department of Environmental Quality
Air Quality Permit	Maricopa County Air Quality Department
208 Amendment	Town of Buckeye, MAG Water Quality Advisory Committee, MAG Management Committee, MAG Regional Council, State WQMWG, ADEQ, EPA
Grading Permit	Maricopa County Community Development
Architectural Approval	Maricopa County Community Development
Building Permit	Maricopa County Community Development
Annual Operating Permit	Maricopa County Environmental Services Department
Storm Water National Pollutant Discharge Elimination System (AzPDES) Permit	Arizona Department of Environmental Quality
Dust Control Permit	Maricopa County Air Quality Department

#### 3.6 Pretreatment Requirements

Although industrial development is not anticipated, HUC will assess future industrial users and their respective manufacturing processes on an individual basis. Each prospective industrial user will be required to be in compliance with all pretreatment requirements dictated by all federal pretreatment requirements as provided in 40 CFR Part 403 and enforced by Arizona Department of Environmental Quality. The ability for prospective industrial users to comply with both federal and local regulations will be evaluated on a case-by-case basis using Global's existing code of practice for pretreatment for commercial and light industrial users.

#### 3.7 Sludge Management

The sludge from the HRWRF will qualify as Class B Biosolids (40 CFR part 503) so that it may be used for land application. There is not an end user for this product at this time; however, the options for sludge disposal will remain open. Until or without a committed and permitted reuse application, the sludge will be delivered to a licensed landfill for disposal. A valid sludge hauler and sludge disposal permit will be obtained.



#### 4 Construction, Operation, and Maintenance

#### 4.1 Construction Responsibility

HUC plans to use the performance-based design build delivery method for the design and construction of the HRWRF following a standardized approach and system used at Global's other local utilities. The timing of construction of each phase will be dependent upon the increases in population and the resultant wastewater flows. The project will be divided into phases. Phase 1A of construction is anticipated to be completed between September and December of 2006. There is not a schedule for further phasing at this point in time. In general, design of each additional phase must begin when 70% of the plant capacity has been reached. Construction of each phase must begin when 80% of the plant capacity has been reached.

#### 4.2 Operation and Maintenance Responsibility

HUC is responsible for the operation and maintenance of these facilities. Any portion of the infrastructure that has been constructed by Developers will be conveyed to HUC under a main extension agreement, so that the entire collection and reclaimed distribution system, up to the point where it becomes a service connection, will be maintained by HUC.

#### 4.3 Sources of Construction Pollution

Construction of the HRWRF will not be a pollution-intensive activity. Anticipated pollutants may include dust from construction activities, construction-related solid waste, and inert material. The construction will be conducted under an Air Quality Permit from MCESD, and will comply with the provisions of the permit. Any wastes generated during construction will be properly managed and disposed of at an appropriate facility. A Dust Control Permit will be in place throughout construction in accordance with County dust control requirements. An AzPDES Storm Water Pollution Prevention Permit will also be obtained and compliance will be met during construction.

#### 4.4 Construction Phasing

The following table summarizes the projected construction phasing plan for the HUC water reclamation facility:

Table 4.1: Hassayampa Utilities - Water Reclamation Facility - Construction Phases

Phase	Year Capacity Available	Capacity Available, Residential Units	Capacity Available, Estimated Population	Treatment Capacity (MGD)	Treatment Capital Cost / Phase
1	2006	2,857	9,143	1	\$7M
- 11	2010	8,571	27,429	3	\$8M

Capacity available is based on a demand of 350 gallons per unit, which is inclusive of non-residential demands.



#### 5 Financing

#### 5.1 Financing Plan

Hassayampa Utilities Company (HUC) is a wholly owned subsidiary of Global Water Resources, Inc., which provides equity for the capital construction and improvements to its subsidiaries. HUC will seek a certificate of convenience and necessity (CC&N) from the Arizona Corporation Commission (ACC) to provide wastewater services and reclaimed water services (Utility Services) in a designated geographic area within the State of Arizona, specifically for the entire Hassayampa Ranch development, approximately 2,050 acres. Through Global, HUC will provide wastewater services and reclaimed water services to the Development.

Concurrent with the processing of the CC&N, HUC is requesting ACC approval of its initial capitalization and long-term financing plans.

At the issuance of the CC&N, the ACC will review and approve HUC's initial capitalization and long-term financing plan as well as establishing the rates, which HUC can charge customers for provisions of the utility service. The service rates will include all performance costs associated with the operation and maintenance of the wastewater and reclaimed water facilities.

#### 5.2 Financing Capacity to Construct

HUC, with equity from Global, will provide the initial capital needed for design and construction of the HRWRF, and will own the subject WRF.

#### 5.3 Financing Capacity to Operate

The operation and maintenance of the HRWRF will be funded and overseen by HUC. The HUC customers pay user fees based upon fair value as determined by the ACC. A+ effluent is distributed and sold to its many users who in turn compensate HUC for its treatment and delivery costs in accordance with tariffed rates as promulgated by the ACC.

#### 6 Impacts and Implementation

#### 6.1 Implementation Plan

This application identifies a separate service area for the HRWRF. The initial phase is scheduled for completion between September and December of 2006. Phase 1A is anticipated to have a treatment capacity of 1 MGD. Further phasing is anticipated to proceed until ultimate plant capacity at full build-out will provide 3.2 MGD of treatment capacity, based on average day generation. The timing of plant expansion will depend on the demand placed by commercial and residential development in the service area. Since development is still in the planning phases, a schedule for phasing is uncertain at this point in time. In general, design of each additional phase must begin when 70% of the plant capacity has been reached. Construction of each phase must begin when 80% of the plant capacity has been reached. Ultimate capacity of the Hassayampa Ranch WRF will be 3.2 MGD with the current service area. However, Global is considering service to adjacent areas that will require 10 MGD ultimate



capacity, which this WRF site can accommodate.

#### 6.2 Impacts of the Proposed Plan

The implementation of the HRWRF is not anticipated to have any impact on adjacent municipalities, existing service areas, sanitary districts, communities, or businesses. The discharge, reuse, or recharge is not anticipated to noticeably increase an insect population or odor.



#### 7 Public Participation

MAG is responsible for ensuring that the required public participation requirements are followed as outlined in 40 CFR 25. The following are minimum requirements:

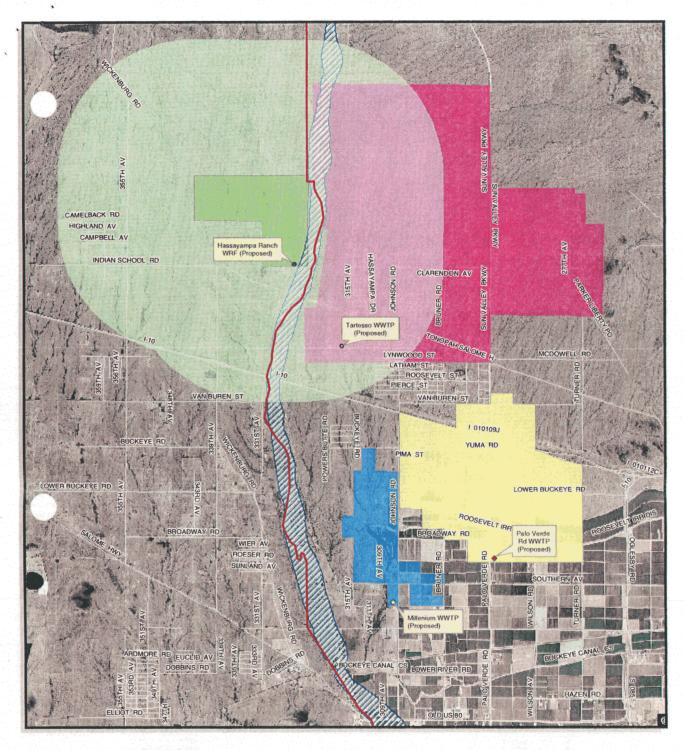
- Submittal of a mailing list used to notify the public of the public hearing.
- Listing of locations where documents are available for review at least 30 days prior to the public hearing.
- Publication of public notice of the public hearing with information on time, date, subject, and location of public hearing at least 45 days prior to the public hearing.
- Submittal of an affidavit of publication for official newspaper publication.
- Submittal of a responsiveness summary for public hearing.



Appendix A

Maps





#### **LEGEND**

Hassayampa Ranch Service Area (Proposed)

Tartesso Service Area

Palo Verde Rd Service Area

Millenium Service Area (Proposed)

Three-Mile Vicinity Boundary

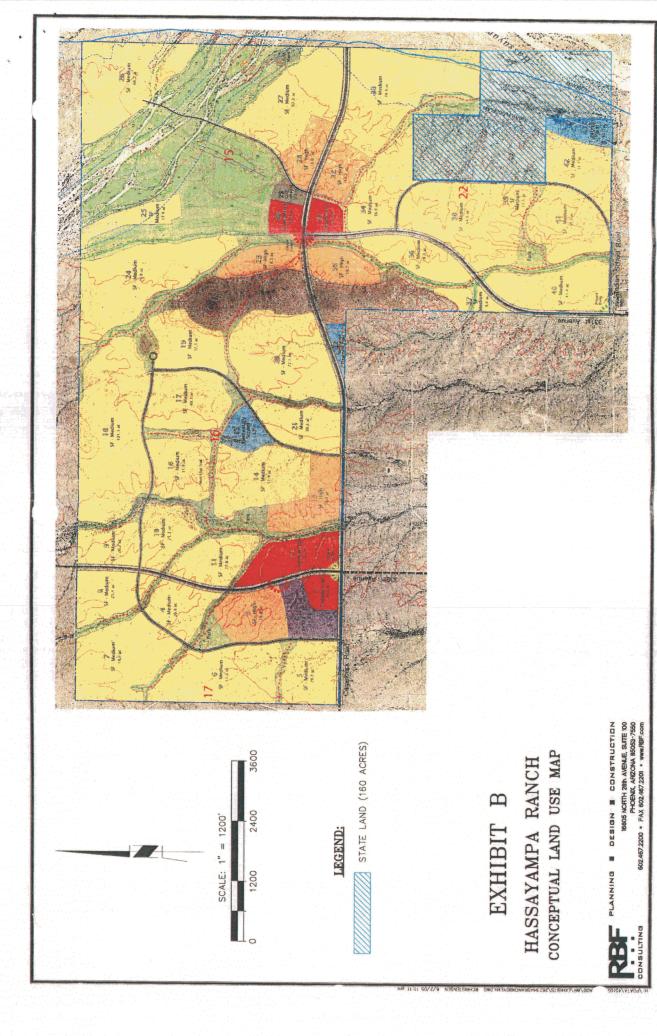
Town of Buckeye Planning Area

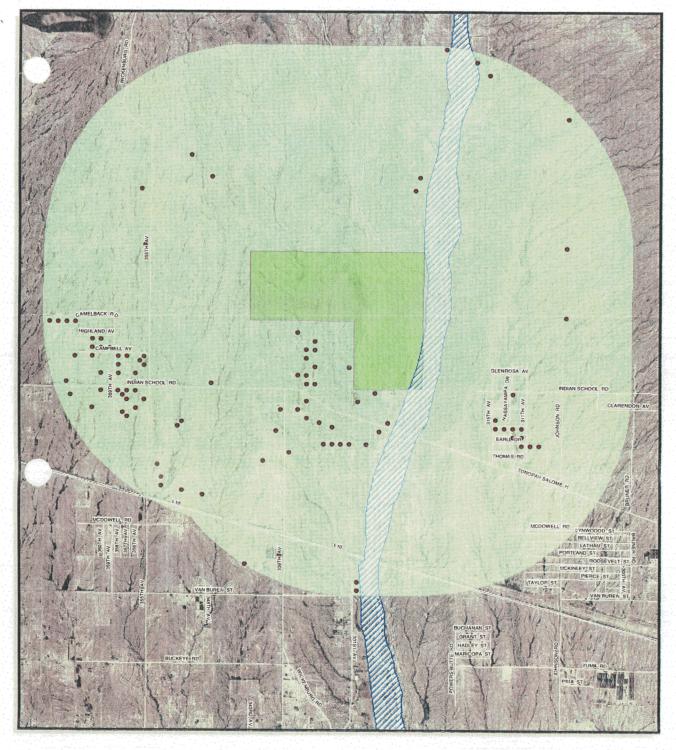
Hassayampa River Floodway

#### **Exhibit A**

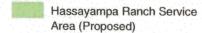
#### Hassayampa Ranch WRF MAG 208 Amendment Map West Buckeye Service Areas

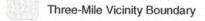




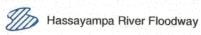


#### LEGEND



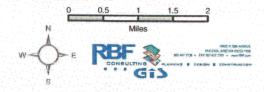


 Registered ADWR Wells (Limited to Three-Mile Vicinity)



#### **Exhibit C**

## Hassayampa Ranch WRF Vicinity Map Showing Registered ADWR Wells



# Hassayampa Ranch WRF Floodplain Map Exhibit D

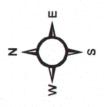
# LEGEND

- 100-yr Floodplain

Hassayampa Ranch WRF Property (Proposed)

Hassayampa R. Floodway

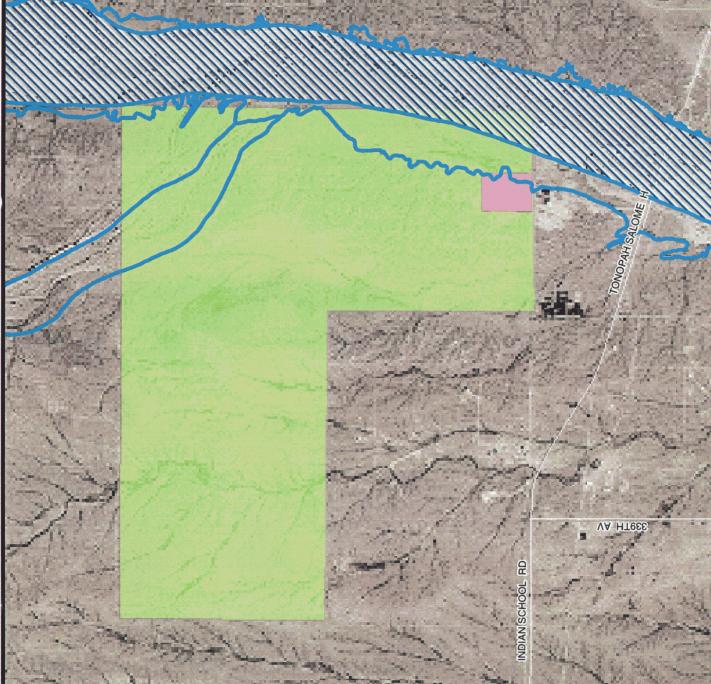
Hassayampa Ranch Development











## Appendix B Financial Information



6027782875



Vice President Private Banker Private Client Services
MAC \$4035-012
8601 N. Scottsdale Rd., Suite 150
Scottsdale, AZ 85253
480 348-4841
480 348-4842 Fax
602 369-8811 Cell
lisa.h.handley@wellsfargo.com

June 30, 2005

Ken James, P.E. Senior Civil Engineer Maricopa County Environmental Services Department 1001 N Central Ave. Phoenix, AZ 85004

Re: Financial Assurance of Capital Funding

Dear Mr. James:

This letter has been prepared in response to your request for evidence of Global Water Resources' financial capability to build the proposed Hassayampa Ranch Water Reclamation Facility (WRF). Global Water Resources, through its relationship with Levine Investments, has access to immediately available funds in the low nine figures for the purpose of funding capital improvements as they relate to the proposed WRF.

Should you have any further questions regarding this matter, please feel free to contact me at (480) 348-4841.

Sincerely

Lisa H. Handley Vice President

#### JPMorgan 🔾

July 1, 2005

Ken James, P.E. Senior Civil Engineer Maricopa County Environmental Services Department 1001 N Central Ave. Phoenix, AZ 85004

Re: Financial Assurance of Capital Funding

Dear Mr. James:

This letter has been prepared in response to your request for evidence of Global Water Resources' financial capability to build the proposed Hassayampa Ranch Water Reclamation Facility (WRF). Global Water Resources, through its relationship with Levine Investments, has access to immediately available funds in a low nine figure commitment for the purpose of funding capital improvements as they relate to the proposed WRF.

Should you have any further questions regarding this matter, please feel free to contact me at 480-367-3270.

Sincerely

Victor L. Alonzo

Sr. Private Banker

J.P. Morgan Private Client Services

JPMorgan Chase Bank, N.A. • AZ1-1021 • 8501 N. Scottsdale Rd Ste 250, Scottsdale, AZ 85253

Private Client Services offers products and services through JPMorgan Chase Bank, N.A. and its affiliates. Fiduciary and custody products and services provided by Bank One Trust Company, N.A. and JPMorgan Chase Bank, N.A. Loan and deposit products provided by JPMorgan Chase Bank, N.A. Securities (Including mutual funds) and certain investment advisory services provided by JPMorgan Chase Bank, N.A. affiliates Banc One Securities Corporation or Chase Investment Services Corp., members NASD and SIPC. Insurance products and annuities provided by various insurance companies and offered through Banc One Insurance Agency, Inc., Chase Insurance Agency, Inc., JPMorgan Insurance Brokerage & Advisory Services, a division of Chase Insurance Agency, Inc., a division thereof. Products not available in all states.

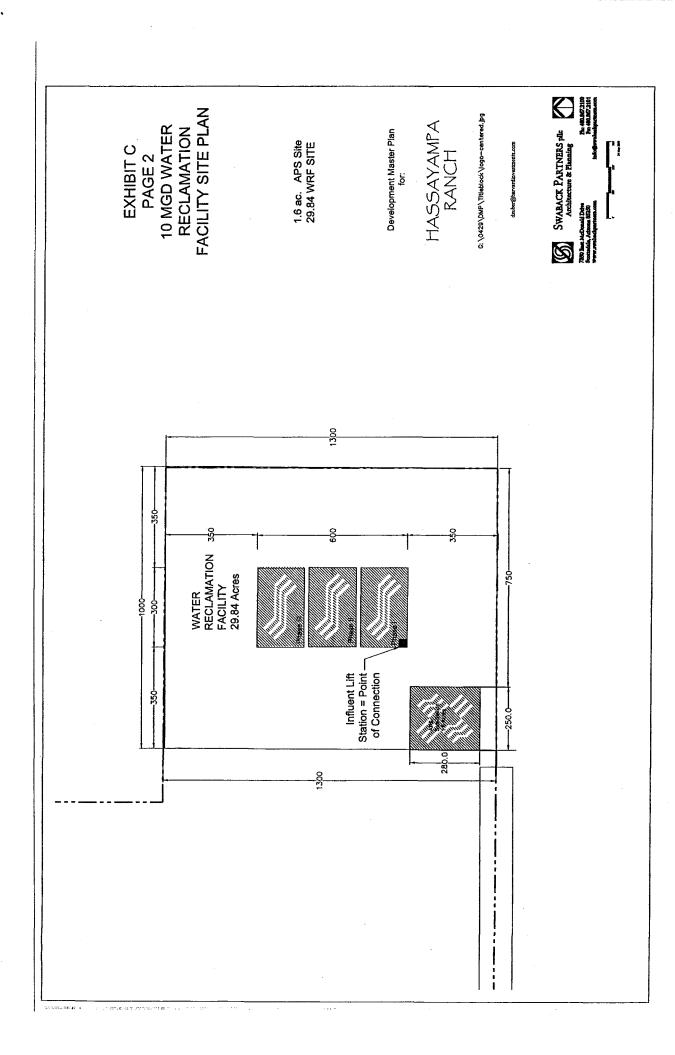
## Appendix C Letters

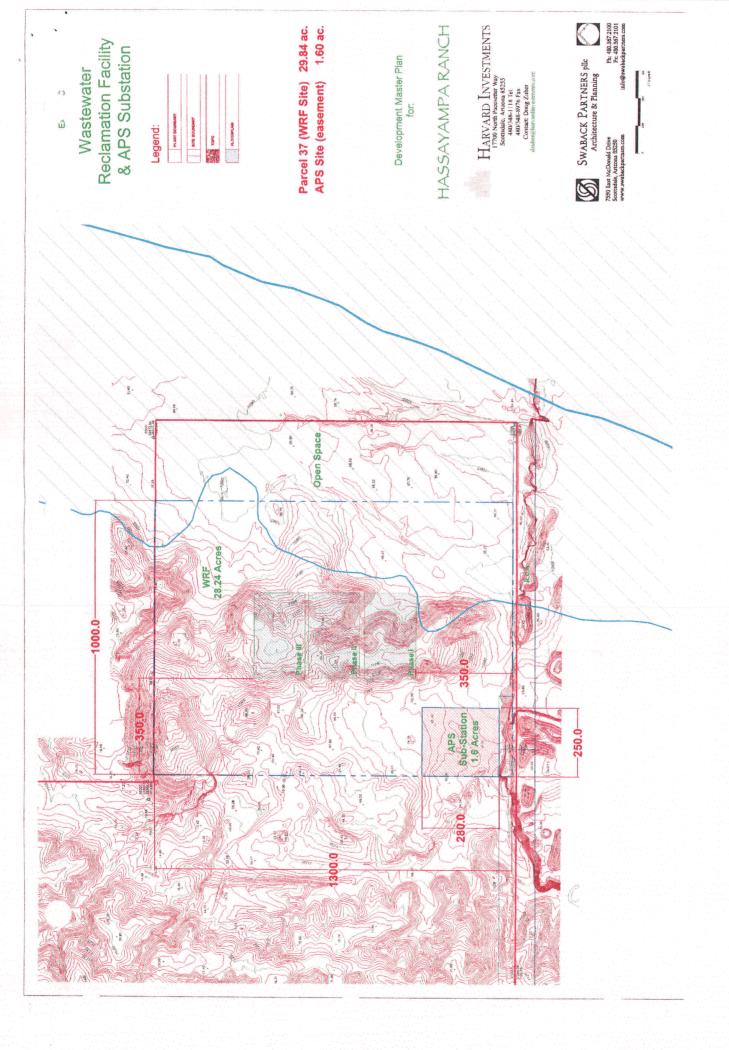


# Appendix D Hassayampa Ranch WRF Site Layout



SWARACK PARTNERS pile Architecture & Planding EXHIBIT B
3.2 PAGE 2
2.75 MGD WATER
RECLAMATION
FACILITY HASSAYAMPA RANCH G: \0429\DMP\Titleblock\logo-centered.jpg Development Master Plan for: 1.6 ac. APS Site 19.74 ac WRF SITE 9 Water Reclamation Facility 19.74 Acres Influent Lift
Station = Point
of Connection





## **EXHIBIT 6**

#### Hassayampa Utilities Company Wastewater Service Area Report and Overview

#### **INTRODUCTION**

The Hassayampa Utilities Company (HUC) is a newly formed utility company to provide wastewater services for the Hassayampa Ranch development, located directly west of the Hassayampa River and north of Interstate 10. HUC is a wholly owned subsidiary of Global Water Resources, Inc.

This memorandum discusses the wastewater treatment facilities to be newly constructed by the HUC for the Hassayampa Ranch Service Area. This system will employ treatment infrastructure identical to that of Global Water Resources' Palo Verde Utilities Company (PVUC) located in Maricopa, AZ, and will employ collection infrastructure that is designed and installed under the Engineering Specifications promulgated by Global Water Resources (GWR).

The Hassayampa Ranch development is owned by Hassayampa Ranch Partners, LLC (HRP), represented by Harvard Investments. HRP has formally requested that GWR develop, permit, design, install, commission and operate the wastewater services at the development. Water services are to be provided by the Water Utility of Greater Tonopah.

The proposed CC&N service area and the planning area shown in the MAG 208 Water Quality Management Plan Amendment are identical, as shown in Attachment A (attachment N from the ACC CC&N application), and include generally all or part of Sections 15, 16, 17, and 22 of Township 2 North, range 5 West, Gila & Salt River Base and Meridian, Maricopa County, Arizona.

The Hassayampa Ranch Service Area has a total build-out of approximately 7,500 Equivalent Dwelling Units (EDUs).

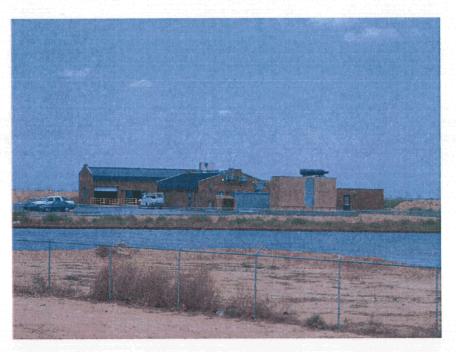
#### **PURPOSE**

The purpose of this memorandum is to define the initial and build-out configurations of the wastewater treatment facilities in order to identify the parameters for wastewater treatment.

#### WASTEWATER TREATMENT SYSTEMS

The land area under consideration drains largely to the south east which allows the service area to be sewered relatively easily by gravity, with only the western third of the property behind a ridge that will likely require one lift station. HUC will deploy a treatment system modeled on the AquaTec sequencing batch reactor employed at Rancho El Dorado PVUC facility. This system is a robust system, capable of meeting Class A+ water under a range of hydraulic and biologic loadings, and is scalable from a small, start-up facility to a full-scale municipal system.

The Water Reclamation Facility will be funded by equity from Global Water Resources, Inc.



The site for the Hassayampa Ranch Water Reclamation Facility (HRWRF) has been identified (SE corner of Section 22 T2N, R5W). A site plan has been developed for the site which includes the necessary set-backs for the build-out of the entire treatment facility. HUC will own in fee the 19.7 acres water reclamation site and its appurtenant set-back areas. In addition, in order to stage the utility for future expansion, HUC maintains an option on a second parcel of land north of the Phase I site. This will accommodate development to a 10 MGD facility.

A facility site plan has been developed (Attachment B).

This system will be designed for a phased deployment, commencing with a 1.0 MGD phase, which will be configured to allow for a low-flow start-up.

This facility will have the following features:

- 1. A minimum of 350' setbacks
- 2. The minimum capability for production of A+ Reclaimed Water;
- 3. Complete compliance with BADCT requirements (R18-9-B201 et seq);

- 4. Totally enclosed process tanks;
- 5. Active odor scrubbing facilities;
- 6. Aesthetic controls consistent with the surrounding architecture;
- 7. Noise abatement systems; and
- 8. Peaking factor design 2.0.

#### **Phasing of Treatment Facilities**

This philosophy of HUC is to develop phased water reclamation infrastructure identical to the current PVUC plant located in Maricopa, AZ. The following facilities will be constructed as the first phase:

- 1. Lift station
- 2. Fine screen with 1/4" opening with washer and compactor
- 3. Grit removal with washer and classifier
- 4. Biological treatment with two parallel SBR reactors including decanters, blowers and automated PLC controls
- 5. Tertiary filtration with traveling bridge filters in parallel operation for two units.
- 6. UV disinfection with multiple units in series with a standby unit.
- 7. Aerobic sludge digester with aeration system.
- 8. Belt press for sludge dewatering.
- 9. Standby generator
- 10. Lab and office

The plant will be constructed in two phases:

Phase 1: 1 MGD (commissioned November 2006)

Phase 2: Add 2.2 MGD for a total of 3.2 MGD (estimated commissioning of 3.2 MGD facility: 2010)

An updated start-up plan has been developed (see Attachment C). This provides a plan to allow start up from 0 to 1,000,000 GPD.



#### **Effluent Disposal**

The effluent management strategy for the HRWRF is based on consumptive re-use of reclaimed water to the best advantage possible. However, it is recognized that during winter months, or periods of extended rainfall, a consumptive use facility is not viable. Accordingly a means of recharging the Class A+ water to the vadose zone of the aquifer, and of discharging Class A+ water to the Hassayampa River will be permitted and constructed.

Global Water Resources, parent to HUC, requires that all development maximize the use of reclaimed water throughout their development areas. This includes the use of reclaimed water as the primary source of irrigation water, and for use in any recreational impoundments. To address the seasonality of demand for reclaimed water, HUC is providing both a recharge activity under the APP (which will allow for recovery of stored water in high demand time periods) and will provide an AzPDES discharge location(s).

#### **Permitting Requirements**

In order to provide treatment services, a number of regulatory agency permits must be received, including:

MAG 208 Water Quality Management Plan Amendment (submitted June 2005)
Aquifer Protection Permit (to be submitted October 2005)
AzPDES Surface Water Discharge Permit (to be submitted October 2005)
Type 2 Re-Use Permits (to be submitted November 2005)
Underground Storage Facility (USF) for recharge (to be submitted November 2005)
Air Quality Permit (to be submitted January 2006)

A copy the MAG 208 which was submitted on June 2005 and revised August 2005 has been included with the CC&N application. As the development continues in the adjacent and/or nearby areas, further CC&N and 208 amendments will be submitted for the Commission's and MAG's review and approval, respectively.

#### WASTEWATER COLLECTION AND CONVEYANCE SYSTEMS

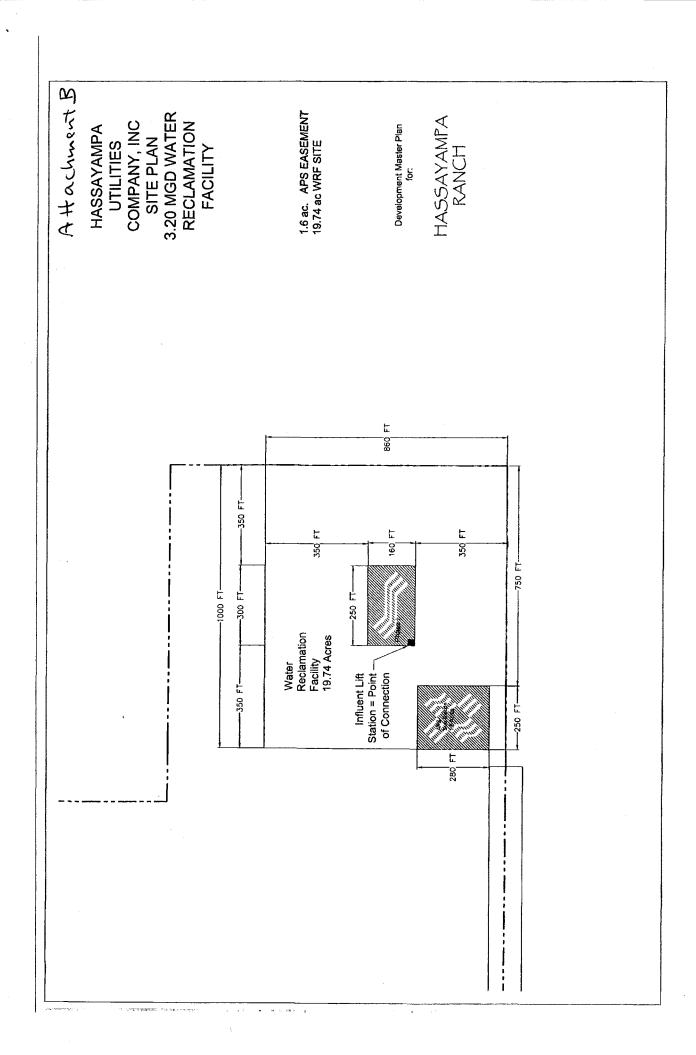
The collection systems will be installed by the developer under approved line extension agreements and financed by advances in aid of construction.

In general, the sizing for the wastewater collection systems will be governed by accepted standard engineering practices and GWR Engineering Standards. In addition each project must conform to the accepted GWR Wastewater Master Plan for the surrounding service area. Each wastewater collection line must be designed for a minimum velocity of two (2) feet /second. The minimum line size in residential subdivisions shall be eight (8) inch diameter with minimum four (4) foot diameter manholes, except that over eight (8) foot depth (as measured from rim to lowest pipe invert) shall be five (5) foot diameter manholes.

HUC is responsible for the ownership and maintenance of the wastewater collection system not including any portion of the individual side sewer serving a residence, business, school, or commercial establishment. All wastewater collection system designs will be submitted to ADEQ for an Approval to Construct, and shall receive an Approval of Construction from ADEQ prior to use. HUC shall also approve the wastewater collection system plans, and the installation of the system (including system videos), in all respects, prior to use.

14 23 26 Ξ 10 27 Hassayapa Utilitics Company Inc. 60 28 2 90 20 Water Utility of Greater Tonapah (W-2450-04-837) Proposed CC&N Wastewater Service Area MAG 208 Plan Amendmant 18 6 07 T2N R5W Sections Legend

Attachement N



#### ATTACHMENT C

#### TREATMENT PLANT STARTUP PROCEDURE

Flows up to 5,000 gpd will be vaulted and hauled to the closest permitted operating WRF, presently identified as the Town of Buckeye facility. The 1 MGD HRWRF will be constructed such that the lift station can be used for the vault, and the 1 MGD plant will be completed entirely prior to any discharge into the treatment system.

Once the flows surpass the 5,000 gpd, the 1.0 MGD AquaTec dual SBR treatment plant can be operated to accomplish efficient BOD, TSS and nitrogen removal at the lower flow rates by employing the aerobic sludge digester tank (ASD) as a Continuous Flow Intermittent Discharge Batch Reactor (CFIDBR).

When the flows exceed 100,000 gpd, the contents of the ASD tank as well as the influent flow will then be transferred to a single SBR basin and that SBR train will be operated as a CFIDBR for flows up to 200,000 gpd. At the flow rate of 200,000 gpd both SBRs will be placed in service and will operate up to the design flow rate of 1.0 MGD average flow.

The PLC program will be written to operate the equipment on VFDs so that energy can be minimized while delivering the required quantities of air and oxygen for proper biological treatment. The programs will also be modified to operate in the single tank Continuous Flow Intermittent Discharge operation such that sufficient treatment for removal of BOD, TSS and ammonia nitrogen can be accomplished prior to filtration and UV disinfection.

The headworks facility including the fine automatic screening and grit removal systems will be in service during start up and at all flow rates up 1.0 MGD with peak factors to 2.0 MGD.

#### Seeding

In order to prepare for the start-up, the ASDs will be seeded as reactors with seed-sludge from the PVUC North WRF. This will provide a viable biomass for the treatment of the wastewater, and will ensure the correct population of microorganisms to effect treatment.

#### **Process Flow**

The ASD basin is 18' wide x 82' long with a maximum 22' liquid depth and a maximum volume of 240,000 gallons. The designed dual parallel SBRs are 40' wide x 92' long with maximum liquid depths of 22' and volumes of 605,550 gallons each.

All flow to the plant will be pumped from the main influent lift station and directed through the automatic fine screens and the grit removal system where it will then be diverted by manual valves to the ASD basin. The ASD basin is fitted with three 7-1/2 Hp SAM (Submerged Aerator Mixer) units and will have sufficient aeration with two 20 Hp blowers (an additional unit is

installed as a standby unit) to handle the organic loading to a maximum average daily flow rate of 100,000 gpd.

The ASD is equipped with an automated floating stainless steel decanter to allow it to operate in the continuous flow, intermittent discharge batch operation mode at a liquid depth of 16 to 18 feet for average flow conditions and up to the 22 foot liquid depth at peak flow conditions.

Treated effluent from the CFIDBR will flow by gravity via the automated decant valve to the post-equalization basin where it will be stored until sufficient volume is available to start one filter pump to transfer to the tertiary sand filters. Filtered effluent will then pass by gravity through the ultraviolet disinfection channel. The filter and UV system will be operated on a batch basis at the low flows.

During the operation of the ASD as a CFIDBR, waste activated sludge will be pumped out of the basin on a weekly or daily basis as needed to maintain the process parameters of MLVSS and F/M ratio. The waste sludge will be placed in a tanker truck and transferred to the Palo Verde North Plant for further aerobic digestion and dewatering on the existing belt press at this plant.

#### BEFORE THE ARIZONA EOREORATION COMMISSION

1

2 2006 APR 26 P 4: 44 **EXHIBIT COMMISSIONERS** 3 Jeff Hatch-Miller, Chairman AZ CORP COMMISSION William A. Mundell 4 DOCUMENT CONTROL Marc Spitzer 5 Mike Gleason Kristin K. Mayes 6 7 IN THE MATTER OF THE APPLICATION OF Docket No. SW-20422A-05-0659 8 HASSAYAMPA UTILITY COMPANY, INC. FOR A CERTIFICATE OF CONVENIENCE AND 9 NOTICE OF FILING AFFIDAVIT OF NECESSITY TO PROVIDE WASTEWATER **PUBLICATION SERVICE** 10 11 12 Hassayampa Utility Company, Inc., through its undersigned counsel, hereby submits the 13 attached affidavit of publication. 14 RESPECTFULLY submitted this 26th day of April 2006. 15 ROSHKA DEWULF & PATTEN, PLC 16 17 18 Ву 19 Michael W. Patten One Arizona Center 20 400 East Van Buren Street, Suite 800 21 Phoenix, Arizona 85004 22 Original + 13 copies of the foregoing 23 filed this 26 day of April 2005, with: 24 **Docket Control** ARIZONA CORPORATION COMMISSION 25 1200 West Washington Phoenix, Arizona 85007 26 27

	1	Copies of the foregoing hand-delivered/mailed
	2	this 26 day of April 2006, to:
	3	Amy Bjelland, Esq. Administrative Law Judge
	4	Hearing Division Arizona Corporation Commission 1200 West Washington
	5	Phoenix, Arizona 85007
	6	Linda Fisher, Esq. Legal Division
	7	Arizona Corporation Commission 1200 West Washington
	8	Phoenix, Arizona 85007
	9	Ernest G. Johnson, Esq. Director, Utilities Division
	10	Arizona Corporation Commission 1200 West Washington
	11	Phoenix, Arizona 85007
	12	
	13	Me 1 at
	14	Main Affoles
	15	
	16	
	17	
	18	
	19	
	/ ( ) 1	

# West Business

West Valley View, Inc., 200 W. Wigwam Blvd., Litchfield Park, Az. 85340-4636 🍫 (623) 535-8439

AFFIDAVIT OF PUBLICATION

State of Arizona
County of Maricopa
I, Elliott Freireich, publisher of West Valley View and West Valley Business, newspapers of general circulation in Avondale, Buckeye, Goodyear, Litchfield Park and Tolleson, Arizona, attest that the legal advertisements for  Assayampa Ufilitiv Company  Public Notice of Learing on the application  for a Certificate of Convenience and  Necessity - Secket No. Sw-204224-05-0659.  will be Las been published on April 18, 2006.  Elliott Freireich, President, West Valley View, Inc.  April 18, 2006.  Date
SUBSCRIBED AND SWORN TO BEFORE ME ON THE

NOTARY SIGNATURE:

NOTARY PUBLIC STATE OF ARIZONA Maricopa County RENE LEEANN HARTMANN

## PUBLIC NOTICE OF HEARING ON THE APPLICATION OF HASSAYAMPA UTILITIES COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY Docket No. SW-20422A-05-0659

On September 19, 2005, Hassayampa Utilities Company ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide wastewater service to the Hassayampa Ranch Development, located west of the Town of Buckeye and approximately three miles north of Interstate 10, within Maricopa County, Arizona. If the Application is granted, the Applicant would be the exclusive provider of wastewater to this area, and would be required by the Commission to provide service under rates and charges and terms and conditions established by the Commission.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, and at the offices of the Company, Deer Valley Financial Centre, 22601 North 19th Avenue, Suite 210, Phoenix, Arizona 85027 and on the internet via the Commission website (www.azcc.gov) using the edocket function.

The Commission will hold a hearing on this matter beginning June 22, 2006 at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comment will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to the Applicant or its counsel and to all parties of record, and which, at the minimum, shall contain the following:

- 1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
- 2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.).
- 3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or their counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before May 26, 2006. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. Failure to intervene will not preclude any person with interest in this proceeding from appearing at the hearing and making a statement on such person's own behalf. You will not, however, receive any further notice of the proceeding unless requested by you.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602/542-3931, E-mail <a href="mailto:lhogan@azcc.gov.">lhogan@azcc.gov.</a> Requests should be made as early as possible to allow time to arrange the accommodation.

#### BEFORE THE ARIZONA CORPORATION COMMISSION

1 2 RECEIVED **COMMISSIONERS** 3 Jeff Hatch-Miller, Chairman 2006 APR 26 P 4: 43 William A. Mundell Marc Spitzer AZ CORP COMMISSION 5 Mike Gleason DOCUMENT CONTROL Kristin K. Mayes 6 7 IN THE MATTER OF THE APPLICATION OF Docket No SW-20422A-05-0659 8 HASSAYAMPA UTILITY COMPANY, INC. FOR A CERTIFICATE OF CONVENIENCE AND NOTICE OF FILING AFFIDAVIT OF NECESSITY TO PROVIDE WASTEWATER **MAILING SERVICE** 10 11 Hassayampa Utility Company, Inc., through its undersigned counsel, hereby submits the 12 attached affidavit of mailing. 13 RESPECTFULLY submitted this 26<sup>th</sup> day of April 2006. 14 15 ROSHKA DEWULF & PATTEN, PLC 16 17 18 By 19 Michael W. Patten One Arizona Center 20 400 East Van Buren Street, Suite 800 Phoenix, Arizona 85004 21 22 Original + 13 copies of the foregoing filed this 26 day of April 2006, with: 23 **Docket Control** 24 ARIZONA CORPORATION COMMISSION 25 1200 West Washington Phoenix, Arizona 85007 26 27

	1 2	Copies of the foregoing hand-delivered/mailed this <b>26</b> day of April 2006, to:
	3	Amy Bjelland, Esq. Administrative Law Judge
	4	Hearing Division Arizona Corporation Commission
	5	1200 West Washington Phoenix, Arizona 85007
	6	Linda Fisher, Esq. Legal Division
	7	Arizona Corporation Commission
	8	1200 West Washington Phoenix, Arizona 85007
	9	Ernest G. Johnson, Esq. Director, Utilities Division
	10	Arizona Corporation Commission 1200 West Washington
	11	Phoenix, Arizona 85007
FACSIMILE 602-256-6800	12	
	13	M. A 14
	14	May Affolice
	15	
	16	
	17	
	18	
	19	

#### AFFIDAVIT OF PROOF OF MAILING

Docket No. SW-20422A-05-0659

STATE OF ARIZONA	)
	) ss
County of Maricopa	)

I, Michael W. Patten, states as follows:

- 1. I am the Attorney for Global Water Resources.
- 2. I certify that a copy of the attached notice, pursuant to Procedural Order issued March 30, 2006 in Docket No. SW-20422A-05-0659 and amended on April 11, 2006 was mailed via U.S. First Class Mail on April 26, 2006 to all owners of properties included in the Hassayampa Utility Company's application for a Certificate of Convenience and Necessity.

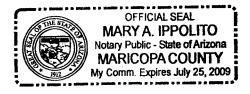
Michael W. Patten

SUBSCRIBED AND SWORN to before by Michael W. Patten, this 26<sup>th</sup> day of

April, 2006.

Many Appolits
Notary Public

My Commission expires:



## PUBLIC NOTICE OF HEARING ON THE APPLICATION OF HASSAYAMPA UTILITIES COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY Docket No. SW-20422A-05-0659

On September 19, 2005, Hassayampa Utilities Company ("Applicant") filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide wastewater service to the Hassayampa Ranch Development, located west of the Town of Buckeye and approximately three miles north of Interstate 10, within Maricopa County, Arizona. If the Application is granted, the Applicant would be the exclusive provider of wastewater to this area, and would be required by the Commission to provide service under rates and charges and terms and conditions established by the Commission.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, and at the offices of the Company, Deer Valley Financial Centre, 22601 North 19<sup>th</sup> Avenue, Suite 210, Phoenix, Arizona 85027 and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a hearing on this matter beginning June 22, 2006 at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comment will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to the Applicant or its counsel and to all parties of record, and which, at the minimum, shall contain the following:

- 1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
- 2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Applicant, a shareholder of the Applicant, etc.).
- 3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or their counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that <u>all motions to intervene must be filed on or before May 26, 2006.</u> The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. <u>Failure to intervene will not preclude any person with interest in this proceeding from appearing at the hearing and making a statement on such person's own behalf.</u> You will not, however, receive any further notice of the proceeding unless requested by you.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602/542-3931, E-mail <a href="mailto:lhogan@azcc.gov">lhogan@azcc.gov</a>. Requests should be made as early as possible to allow time to arrange the accommodation.

#### BEFORE THE ARTZONACOMPORATION COMMISSION

2

1

**COMMISSIONERS** 

2006 JUN -9 P 2: 14

AZ CORP COMMISSION

DOCUMENT CONTROL

3

Jeff Hatch-Miller, Chairman William A. Mundell

Marc Spitzer Mike Gleason

Kristin K. Maves

**EXHIBIT** 

7

5

6

8

9

10

IN THE MATTER OF THE APPLICATION OF HASSAYAMPA UTILITY COMPANY, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER **SERVICE** 

Docket No. - SW-20422A-05-0659

HASSAYAMPA'S OBJECTIONS TO STAFF REPORT

12

13

14

15

16

17

18

19

20

11

Pursuant to the Commission's March 28, 2006 Procedural Order, as amended by the Commission's April 11, 2006 Procedural Order, Hassayampa Utility Company, Inc. ("Hassayampa") provides these objections to the Staff Report. Hassayampa accepts the vast majority of the Staff Report, but wishes to raise two issues: (1) Staff did not increase the proposed revenues to reflect its higher deprecation rates; and (2) Staff's rate design for larger sized meters does not reflect the extra capacity needed to serve such large customers. In addition, Hassayampa requests a clarification of Staff's proposed equity requirement. In support of these objections, Hassayampa states:

21

#### **RESPONSE TO STAFF**

23

22

Staff's proposed revenues should be increased to reflect its proposed deprecation I. rates.

24

25

26

Staff's rate calculations assume the utility will not cover its cost of capital in the first four years. However, in Year 5 rates must be set to cover costs, including capital costs. This is the standard approach used by the Commission to set rates for new utilities. Hassayampa agrees with this approach.

27

1

2

3

4

5

7

8

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

Staff modified Hassayampa's proposed depreciation rates. (See Staff Report, Ex. 2 at Table 1). Hassayampa has no objection to Staff's proposed depreciation rates, assuming the impact of the proposed modifications are reflected in a modified revenue requirement. Staff used its deprecation rates in its rate calculations. (See Staff Report, Ex. 3 at 3). This increased depreciation expense by \$112,918, and increased operating expenses by the same amount. (Id.: compare Staff Schedule JRM-1 with Application Schedule CS-2, page 1). However, Staff did not increase operating revenues by the corresponding amount. Basic ratemaking theory dictates that as expenses go up, revenue requirement must also go up. In essence, Staff simply lowered the rate of return, so that it could hold operating revenues constant while increasing operating expenses. This results in an unjustified reduction in the rate of return and operating income.

Under Staff's approach, the rate of return (ROR) and return on equity (ROE) are simply fall-out numbers. In this case, there is no debt in the proposed capital structure, so the ROE is the same as the ROR. Staff's proposed ROR and ROE is 8.02%. Staff's proposed ROE appears to be far below any ROE suggested by Staff or adopted by the Commission for any water or wastewater company in recent times. A utility "is entitled to a fair rate of return." Litchfield Park Service Co. v. Arizona Corp. Comm'n, 178 Ariz. 431, 434, 874 P.2d 988, 991 (App. 1994); see also Turner Ranches Water and Sanitation Co. v. Arizona Corp. Comm'n, 195 Ariz. 574, 577 ¶ 6, 991 P.2d 804, 807 (App. 1999); Cogent Public Service, Inc. v. Arizona Corp. Comm'n, 142 Ariz, 52, 57. 688 P.2d 698, 703 (App. 1984). Accordingly, the Commission should set rates using a reasonable ROR and ROE.

A full cost of capital analysis is generally not conducted in setting initial rates. For the purposes of this case, Hassayampa suggests using an ROE based on ROEs recently proposed by Staff for Arizona wastewater or water utilities. Staff has proposed the following ROEs recently:

<sup>&</sup>lt;sup>1</sup> Staff did make one other adjustment to Operating Revenues, to which Hassayampa does not object. (Staff Report, Ex. 3 at 3).

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

Company	Staff Proposed ROE	Source	
Black Mountain Sewer Co.	9.6	Testimony Summary of Pedro Chaves, filed June 2, 2006	
Far West Sewer	9.3	Direct Testimony of Steven P. Irvine, page 2, lines 13-14, filed April 11, 2006	
Arizona-American (Paradise Valley)	10.4	Staff Closing Brief, page 14, line 4, filed May 26, 2006	

Based on these figures, Hassayampa proposes a ROE of 9.5%. To be conservative, this is below the most recent recommendation filed by Staff (for Black Mountain) and is well below the average (9.77%) of the recommendations reported above. And it is well below what Hassayampa would likely propose in a rate case.

Hassayampa has calculated the necessary revenues, using a ROE of 9.5% and using the rate base and operating expenses proposed by Staff. These calculations are shown on Exhibit 1. Replacing Staff's artificially low ROE results in an increase to operating revenues of \$107,735. This results in a proposed monthly charge of \$57.58 for a standard residential meter, compared to Staff's proposal of \$54.25.

Adopting this rate will allow Hassayampa the opportunity to earn a fair ROE based on Staff's own recent ROE recommendations. Staff's approach of reducing the ROE (and thus operating income) to negate the effect of its higher deprecation expense should not be adopted. While Staff's approach will temporarily reduce rates, rates would then have to go up in the company's next rate case. Staff proposes that such a rate case be required in only a few years. Customers should not have to have to face the unnecessary inconvenience of a rate increase made necessary by setting initial rates too low.

#### Staff's rate multiples for larger meters do not reflect the extra capacity required to II. serve such customers.

In designing rates, the first step is to calculate a rate for a standard residential 5/8 by \(^{1}\)4 inch meter. This rate is then multiplied by a "meter multiple" or "meter capacity ratio" to produce rates for larger meters. Both Staff and Hassayampa use this approach. The meter multiples used by

1

2

3

4

5

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

Staff and Hassayampa are shown on Exhibit 2. Using meter multiples reflects the fact that larger meters have a larger capacity and can thus exert a larger demand on the system. See e.g. American Water Works Association, Manual M1: Principles of Water Rates, Fees, and Charges (5th ed. 2000) at 306-07. The meter multiple is based on the operating capacity of the meter. Id. While the meters measure water going in, not wastewater going out, there is a strong correlation between water used and wastewater produced. Because customers with larger meters will produce larger wastewater flows, they require larger collection and treatment capacity than would otherwise be needed. These larger customers should therefore pay more than typical residential customers, based on the extra demand they place on the system.

Hassayampa's proposed rates use meter multiples based on operating capacity. See e.g. Id. at Page 202, Table 28-2 (reporting multiples for meters through three inches). In contrast, Staff's meter multiples are not based on the relative capacity of the meters. For example, a standard 5/8 inch meter has a maximum operating flow of 20 gallons per minute (gpm), while a two inch meter has a maximum flow of 160 gpm, or 8 times a much. Id. Staff's proposed charge for the 2 inch meter is only 1.84 times its proposed charge for the standard 5/8 inch meter. Staff is thus assuming that a meter with 8 times the flow will only need 1.84 times the wastewater capacity. Staff's rate design thus does not reflect the demand associated with the larger meters.

Hassayampa proposes to use the same meter multiples that were used in its Application. Staff has not explained its decision to use different multiples, and Staff's approach is inconsistent with the ratemaking principles described above. Hassayampa's proposed meter multiples, and the resulting rates for larger meters are shown on Exhibit 2. This Exhibit also shows Staff's proposed multiples and rates, and the multiples and rates used in Hassayampa's original application.

#### III. Staff's equity requirement should be clarified.

Staff suggests that the Commission require Hassayampa to "make its initial investment of equity of \$7,150,000 in year one as indicated in the Company's Pro Forma Balance Sheet." (Staff Report at 4). Hassayampa has no objection to making an equity investment in that amount. However, Hassayampa is concerned by the reference to the pro forma financials. Presumably, this

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

23

24

25

26

27

was done simply to indicate the source of the number. However, it could conceivably be interpreted to require Hassayampa to spend the equity in according to the estimates in the pro forma financials. The pro forma financials are simply projections, and like any projections they will not perfectly predict the future. For example, if the cost of an item was lower than expected, it would not make any sense to force Hassayampa to pay more than necessary for the item. Likewise, if development were delayed, it would make no sense for Hassayampa to build facilities before they are needed. Thus, Hassayampa proposes that the condition be clarified as follows:

The Company shall be required to have not less than \$7,150,000 in equity by the end of the first year of operations. The Company shall file a notice that this condition has been satisfied within three months after the end of the first year of operations.

#### IV. Conclusion.

Hassayampa appreciates the support of Staff in this case, and Hassayampa has no objection to the vast majority of Staff's recommendations. However, for the reasons described above, Hassayampa recommends that the Commission: (1) adopt the proposed revenue requirement shown on Exhibit 1, which uses a reasonable ROE based on recent Staff recommendations, rather than lowering the ROE to offset Staff's increased deprecation expense; (2) adopt the meter multiples and rates shown on Exhibit 2, to reflect the extra costs imposed by customers with larger flows; and (3) adopt the clarification of the equity requirement as described above.

RESPECTFULLY SUBMITTED this 9th day of June 2006.

Roshka DeWulf & Patten, PLC

By

Michael W. Patten One Arizona Center

400 East Van Buren Street, Suite 800

Phoenix, Arizona 85004

Attorneys for Hassayampa Utility Company

1	Original + 13 copies of the foregoing
2	filed this <u>9th</u> day of June 2006, with:
3	Docket Control ARIZONA CORPORATION COMMISSION
4	1200 West Washington
5	Phoenix, Arizona 85007
6	Copies of the foregoing hand-delivered/mailed this day of June 2006, to:
7	Amy Bjelland, Esq.
8	Administrative Law Judge Hearing Division
9	Arizona Corporation Commission 1200 West Washington
10	Phoenix, Arizona 85007
11	Linda Fisher, Esq. Legal Division
12	Arizona Corporation Commission 1200 West Washington
13	Phoenix, Arizona 85007
14	Ernest G. Johnson, Esq. Director, Utilities Division
15	Arizona Corporation Commission 1200 West Washington
16	Phoenix, Arizona 85007
17	Man Snoolt
18	17 ( and ) appround
19	
20	
21	
22	·
23	
24	
25	
26	

# **EXHIBIT**

"1"

## Exhibit 1

Staff Year 5 Per Schedule JRM-1		
Rate Base Year 5	\$	4,464,201
ROR (=ROE b/c no debt)		8.02
Operating Income	\$	357,947
Operating Expenses	\$ \$	1,570,480
Required Revenue	\$	1,928,427
Hassayampa Response to Staff (Year 5)		
Rate Base (per Staff)	\$	4,464,201
ROR	_	9.5
Operating Income	\$	424,099
Operating Expenses (per Staff)	\$	1,570,480
Required Revenue	\$	1,994,579
Deficency From Staff	\$	66,152
Gross Revenue Conversion Factor		1.6286
Increase in Revenues	\$	107,735.30
Revenues		
Flat Rate Residential (per Staff)	\$	1,757,700
Flat Rate Residential (Staff + Proposed Increase)	\$	1,865,435
Metered Revenues (per Staff)		152,727
Other Revenues (per Staff)	\$	18,000
Total Revenues	\$ \$ \$ \$	2,036,162
Increase over Staff Proposed Revenues	\$	107,735
Revenue Proof		
Residental Customers (Year 5 Average per Staff)		2,700
Required Flat Rate Revenue Per Month	\$	155,453
Monthly Charge	\$	57.58
Metered and Other charges not changed	•	27.00

# **EXHIBIT**

"2"

Exhibit 2

Derivation of Rates for Larger Meters

			Application			Staff			Hassayampa
Meter Size	Α	pplication	Multiple	S	taff	Multiple	Ha	assayampa	
5/8 x 3/4 Inch	\$	52.00	1.00	\$	54.25	1.00	\$	57.58	1.00
3/4 Inch	\$	52.00	1.00	\$	54.25	1.00	\$	57.58	1.00
1 Inch	\$	130.00	2.50	\$	100.00	1.84	\$	143.95	2.50
1.5 Inch	\$	260.00	5.00	\$	100.00	1.84	\$	287.90	5.00
2 Inch	\$	416.00	8.00	\$	100.00	1.84	\$	460.64	8.00
3 Inch	\$	832.00	16.00	\$	200.00	3.69	\$	921.28	16.00
4 Inch	\$	1,300.00	25.00	\$	200.00	3.69	\$	1,439.50	25.00
6 Inch	\$	2,600.00	50.00	\$	200.00	3.69	\$	2,879.00	50.00

Our File:

HUC/Regulatory/ACC/CC&N Formation IVED

October 20, 2005

Linda A. Jaress **Executive Consultant III** Arizona Corporation Commission 1200 W Washington Street Phoenix, AZ 85007

2005 OCT 211P 4: 36

AZ CORP COMMISSION DOCUMENT CONTROL



RE:

Hassayampa Utilities Company

Application for a Certificate of Convenience and Necessity, Docket No. SW-20422A-05-0659 Response to Insufficiency Letter

Dear Ms. Jaress:

We are in receipt of the referenced insufficiency letter, dated October 19, 2005. Please find our answers below, following your questions:

1. The Company has defined "irrigation" customers as customers who purchase treated effluent for irrigation purpose(s) and will charge these customers according to water meter size even though the effluent will be used for landscaping and will not ultimately be discharged into the wastewater system. The Company should either provide justification of this rate design or provide a rate design that more appropriately assigns costs to the irrigation customers. If the rate design is changed, provide the new estimate of revenues reflecting such changes.

### Response:

It is important to remember that there are two customers associated with the operation of Hassayampa Utilities Company: Sewer Customers (those customers receiving wastewater conveyance, treatment and disposal services); and Irrigation Customers (those customers receiving reclaimed water for beneficial re-use).

Sewer customers are charged for their SEWER service based on the size of their potable water meter. This system allows for the appropriate allocation of fixed-fee-for-service costs to the user, as typically heavier users of potable water will generate greater volumes of wastewater to be conveyed and treated.

Irrigation customers employing reclaimed water for irrigation purposes (golf courses, parks, schools, HOA's and other public greenways) will be charged for RECLAIMED WATER ("treated effluent") on a per gallon charge. This usage is metered from the Company's reclaimed water delivery infrastructure into the irrigation customer's system, allowing the actual flow of reclaimed water delivered to be measured, then billed. As a result, irrigation customers are NOT billed for reclaimed water based on their potable water meter size, but solely on their usage.

These two charges are independent. However, in some cases, a customer will employ both HUC services: sewer and irrigation. In this case, the sewer amount will be determined by the size of the potable water meter, and the irrigation amount will be determined by direct measurement of reclaimed water consumption.

2. The application states that Hassayampa expects to serve 5,707 residential units, 143 school equivalent dwelling units ("EDUs") and 1,526 commercial EDUs. When asked to provide customer information for the first five years, the Company projected 3,000 residential customers, no commercial or industrial customers and one irrigation customer. Please explain these discrepancies, provide the most recent estimated of the number of customers in each customer class and adjust projected revenues to reflect the most recent estimates of the number of customers in each class.

### Response:

At this time, the specific build-out configuration and its phasing remain unknown. The breakout of customer classes ultimately expected by the developer at 5,707 residential units, 143 school equivalent dwelling units ("EDUs") and 1,526 commercial EDUs, is based on a buildout of 10 or more years. HUC expects that primarily residential customers will exist for the first five years. As there is no better indication of the customer mix at this time, HUC employs the industry-standard concept of EDUs to forecast demand which then projects revenues. The 3,000 EDUs is based on the anticipated absorption rates predicted by the developer. While the actual customers may actually include a mix of residential, school and commercial during the first five years, there are no means of predicting this at this time. The concept of EDUs however, allows for this ambiguity in the long-term development scheme. However, HUC believes that the mathematical derivation of 3,000 EDUs, as opposed to a contrived mix of uses, will not significantly affect the revenue projection.

The single irrigation customer was included to represent the golf course, although there will certainly be other HOA-type irrigation customers later (post five years) in the development phasing.

3. Provide a breakdown of costs included in the \$15.3 million estimate for the wastewater treatment plant. Please provide costs of treatment plant, sewer collection lines and lift stations.

### Response:

The \$15.2 (not \$15.3) Million construction cost for Phase 1 of HRWRF represents all utility-installed infrastructure, including the main influent lift station, forcemains, sewers, reclaimed water lines, effluent management facilities etc. The breakdown is shown in Schedule 1a marked exhibit T-5 in the application, with account number items over \$500,000 as follows:

Account	No.	
360	Collection Sewers - Force:	\$1.2 Million
361	Collection Sewers - Gravity:	\$4.9 Million
371	Pumping Equipment:	\$0.7 Million
374	Reuse Transmission and Distribution:	\$1.3 Million
380	Treatment and Disposal Equipment (treatment plant):	\$5.0 Million
382	Outfall Sewer lines:	\$0.9 Million
	Other related Equipment (other accounts):	\$1.2 Million
	TOTAL	\$15.2 Million

We trust these responses are satisfactory for the referenced application to meet sufficiency. If you have any further questions, please feel free to contact me or Robin Bain at 623-580-9600.

Sincerely,

HASSAYAMAPA UTILITIES COMPANY, Inc.

Robin E. Bain for Graham S. Symmonds, Vice President

Operations and Compliance

Cc:

**Docket Control** 

Del Smith

Lyn Farmer

Brian Bozzo

Jamie Moe

Robin E. Bain, P.E., DEE

Mike Patten, Esq.



**EXHIBIT** 

## RECEIVED

January 6, 2006

**Dorothy Hains** 

2006 JAN 10 P 3: 06

Arizona Corporation Commission

1200 W Washington Street Phoenix, AZ 85007

AZ CORP COMMISSION

DOCUMENT CONTROL

RE: Hassayampa Utilities Company

Application for a Certificate of Convenience and Necessity

Docket No. SW-20422A-05-0659 Response to Insufficiency Letter

Dear Dorothy:

Thanks for your continued work on the Hassayampa Utilities Company application for a CC&N formation. I have taken the liberty of paraphrasing the questions form your e-mail of 3 January 2006 and supplying the answers below:

1. The Company states that the sewer bill will be based on the water meter size. Because water is serviced by another facility, Water Utility of Greater Tonopah, Inc. (WUGT), please discuss how the Company will be notified as to what size meter each individual lot owner has?

Response: When applying for service, the applicant will be required to provide and document the water meter size. Assistance will be provided as necessary to help applicants determine and report the correct size. We will request from the WUGT confirmation of the meter size for each property served.

2. Some lot owners install two or more smaller size meters instead of one large size meter. Examples include where one is for drinking and inside-the-home water use, and the others for irrigation or animal feeding use; or in the case of a school, a large meter for irrigation use and smaller meter for drinking water use are installed. We understand you assume only drinking water will be wasted into sewer system, not the irrigation water. How will Hassayampa Utilities Company, Inc. (HUC) not make the mistake to bill only on the drinking water meter?

Response: The flat rate sewer fee will be established on the size of the potable water This information, collected from the customer and verified by direct communication with WUGT, will establish the sewer fee. In the case of the school and other large irrigation customers, that water will be reclaimed water, thus the meter and account associated with it would be through HUC.

3. In the Company's response to question 4 in the letter of 20 October 2005, a breakdown of costs included in the \$15.2 million estimate for the wastewater treatment plant was provided. Please briefly state pipe size, length, material of force mains, gravity lines and reuse transmission.

Response: A preliminary Master Plan has been developed for the HUC's service area. Following is the estimate of the infrastructure needs used to develop Schedule 1a: GLOBAL WATER MANAGEMENT, LLC

fax 623.580.9659

Item		Year 1	Year 2	Year 3	Year 4	Year 5	Material
Gravity Tr	unk Sewer						*
	24"	8400					HDPE
	15"	5400					PVC
	12"				1500	2500	PVC
	10"	4450	2900			1800	PVC
	8"			7200			PVC
Forcemain		1700					PVC
Reclaimed	Water Line						
	15"	18600					PVC

<sup>\*</sup>Ductile Iron many be used for special installation and construction situations such as those requiring a better weight bearing material

4. Please clarify if the estimated \$ 0.7 million of pumping equipment is only for pumping devices in the treatment plant.

Response: The \$720,000 in Schedule 1a, Account No. 371, is for the treatment plant pumping needs.

5. Please clarify if there was a revision between the HUC estimated \$1.02 million (see schedule 1a in the application) instead of \$1.3 million in the referenced 10/20/05 letter for reuse transmission lines, Account No. 374.

**Response:** The summary presented in the 10/20/05 letter was as follows:

"The \$15.2 Million construction cost for Phase 1 of HRWRF represents all utility-installed infrastructure, including the main influent lift station, forcemains, sewers, reclaimed water lines, effluent management facilities etc. The breakdown is shown in Schedule 1a marked exhibit T-5 in the application, with account number items over \$500,000 as follows:

Account No.		
360	Collection Sewers - Force:	\$1.2 Million
361	Collection Sewers - Gravity:	\$4.9 Million
371	Pumping Equipment:	\$0.7 Million
374	Reuse Transmission and Distribution:	\$1.3 Million
380	Treatment and Disposal Equipment (treatment plant):	\$5.0 Million
382	Outfall Sewer lines:	\$0.9 Million
	Other related Equipment (other accounts):	\$1.2 Million
	TOTAL	\$15.2 Million"

The \$1.02 million is for Year 1, while the \$1.3 million is the total for 5 years. Schedule 1a shows \$1.02 million for Year 1 and another \$300,000 for Year 3, for this \$1.3 million total.

6. The Company indicated that separate reuse meters will be installed for reuse customers. According to schedule 1a, you estimate \$15,000 value of reuse meters will be installed in the first year. Please show the reuse meter installation tariff which is not attached in the application.

Response: The \$15,000 figure refers to the utility installed meters for monitoring flow to the various re-use reclaimed water storage facilities, not a tariffed customer meter fee.

We trust these responses are satisfactory for the referenced application to meet sufficiency. If you have any further questions, please feel free to contact me or Robin Bain at 623-580-9600.

Sincerely,

GLOBAL WATER RESOURCES, LLC HASSAYAMAPA UTILITIES COMPANY, Inc.

Graham Symmonds

VP Operations and Compliance

John E. Bain f

Cc: Docket Control

Del Smith Lyn Farmer

Brian Bozzo Jamie Moe

Robin E. Bain, P.E., DEE

Mike Patten, Esq.